annual report 2001

convergence at work

CanWest Global
Communications Corp.

CONTENTS

THE CANWEST WORLD

PUBLISHING – CANADA

- The National Post
  a leading Canadian national newspaper
- Southam Publications Inc.
  26 daily newspapers and over 100 non-daily newspapers, shopping guides and related publications

ENTERTAINMENT – PRODUCTION AND DISTRIBUTION – CANADA AND INTERNATIONAL

- CanWest Entertainment Inc.
- Fireworks Entertainment Inc. – Canada
  Film & TV production and financing division
- Fireworks Pictures – USA
  Feature film distributor
- Fireworks Television – USA
  Television development and production
- Fireworks International – U.K.
  International distributor of television programming
- CanWest Entertainment International Distribution – Republic of Ireland

TELEVISION BROADCASTING – CANADA

- Global Television Network
  consists of 11 television stations which broadcast to all major markets across Canada
- Independent stations
  CH Hamilton
  CH Montreal
  CH Vancouver Island
- CBC Affiliate stations
  CHBC Kelowna
  CKRD Red Deer
- Specialty Television
  Prime TV
  Fox Sportsworld Canada
  Mystery (45%)
  Xtreme Sports
  MenTV (49%)
  DejaView
  Lonestar

MEDIA MARKETING AND SALES – CANADA

- CanWest Media Sales
  Canada's largest national television advertising, marketing and sales company
- ADitus
  national agency for CanWest's newspaper holdings
- Integrated Business Solutions
  provides integrated marketing solutions using all of CanWest's media properties

PRODUCTION SERVICES – CANADA

- Apple Box Productions
  Commercial Production providers
- StudioPost Film Labs
  Post-Production service provider
- CanWest Studios
  Soundstage, production offices

NEW MEDIA – CANADA AND U.S.

- canada.com Internet Portal, which includes:
  globaltv.com
  faceoff.com
  carclick.com
  careerclick.com
- AllCanadianSport.ca – Canada (96%)
- Medbroadcast Corp. – Canada (23%)
- Internet Broadcasting Systems – USA (16%)
- LifeServ Corporation – USA (25%)

TELEVISION BROADCASTING – INTERNATIONAL

- TV3 – New Zealand
- TV4 – New Zealand
- Network TEN – Australia (57.5%)
- UTV – Northern Ireland (29.9%)
- TV3 – Republic of Ireland (45%)

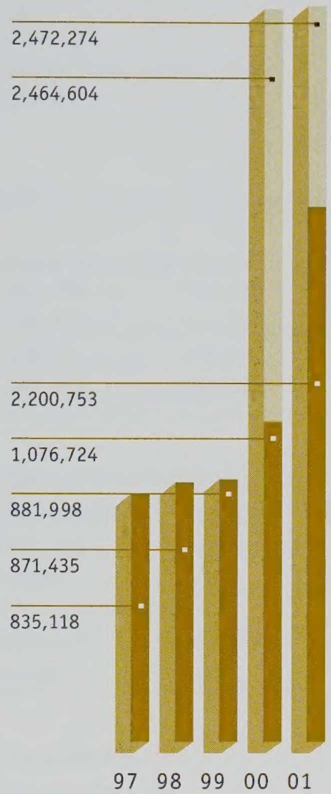
RADIO BROADCASTING – NEW ZEALAND

- MORE FM
  Auckland, Wellington, Christchurch, Dunedin, Hamilton
- Channel Z
  Auckland, Wellington, Christchurch
- The Breeze
  Wellington
- RadioWorks
  Solid Gold Fm, Radio Pacific, The Rock Fm Network, The Edge, plus 27 additional local stations

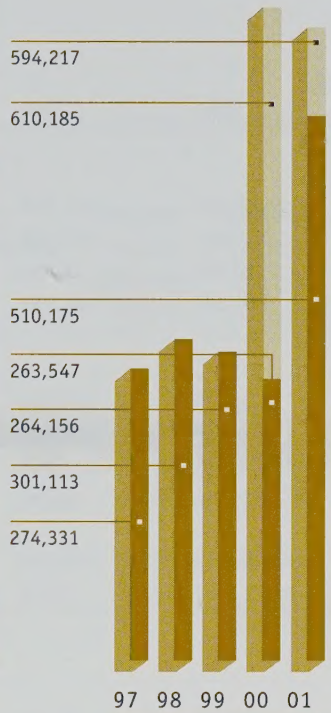
OUT-OF-HOME ADVERTISING – AUSTRALIA, MALAYSIA, INDONESIA, MYANMAR, VIETNAM

- Eye Corp. (60% Network TEN)

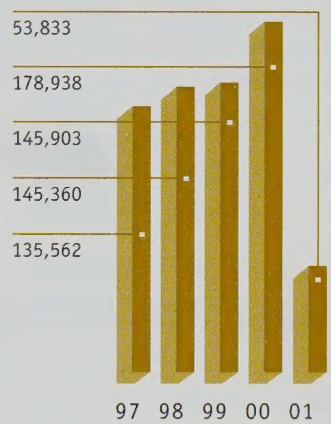
LEGEND
- actual
- pro forma[1]



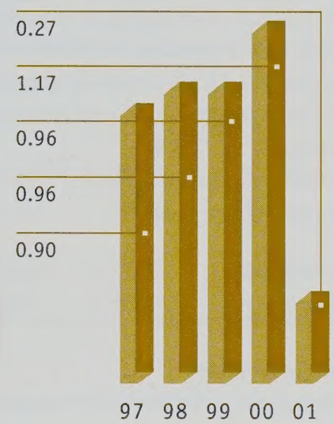
Combined Revenue
(in thousands of $)



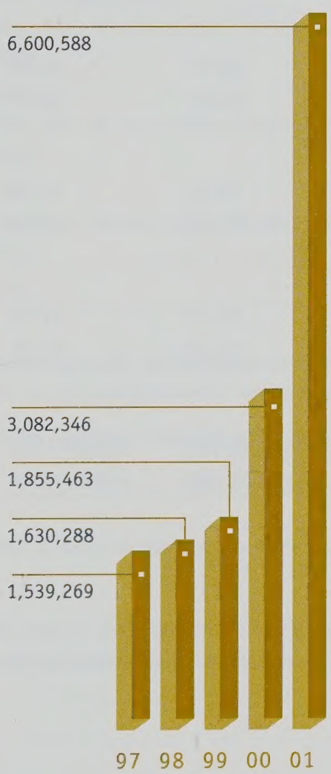
Combined Operating Profit Before Amortization (EBITDA)
(in thousands of $)



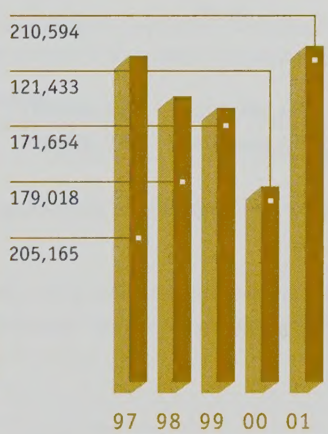
Earnings from Continuing Operations[2]
(in thousands of $)



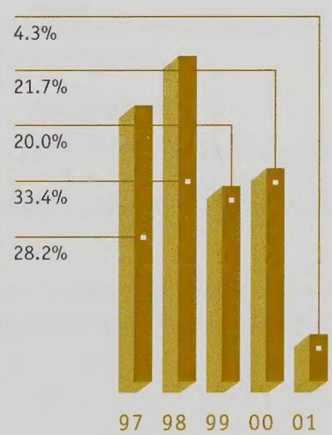
Earnings Per Share From Continuing Operations[2]
($ per share)



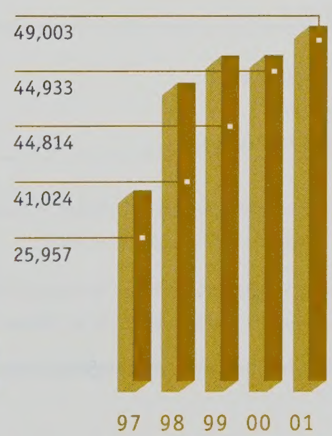
Combined Total Assets
(in thousands of $)



Combined Cash Flow From Continuing Operations
(in thousands of $)



Return on Average Equity



Cash Dividends
(in thousands of $)

[1] Pro forma combined revenue and EBITDA reflect results assuming the acquisitions of Southam, WIC and RadioWorks had occurred at the beginning of fiscal 2000.

[2] Before gain on sale for an 18.5% economic interest in Network TEN in 1998, and realized translation adjustments.

FINANCIAL HIGHLIGHTS

For the years ended August 31[1]

(in thousands of dollars, except as noted)	**2001**	2000	1999	1998	1997
Combined Operating Results [2]					
Revenue	**2,200,753**	1,076,724	881,998	871,435	835,118
Operating profit before amortization (EBITDA)	**510,175**	263,547	264,156	301,113	274,331
Operating profit margin	**23.2%**	24.5%	29.9%	34.6%	32.8%
Earnings before amortization of intangibles and goodwill	**143,002**	208,485	164,153	222,986	164,184
Earnings from continuing operations before gain on sale of a 18.5% economic interest in Network TEN and foreign currency adjustments	**53,833**	178,938	145,903	145,360	135,562
Net earnings	**46,633**	177,638	144,403	200,117	139,662
Cash flow from operations [3]	**210,594**	121,433	171,654	179,018	205,165
Return on average equity	**4.3%**	21.7%	20.0%	33.4%	28.2%
Long term debt	**4,065,418**	1,196,915	548,925	471,146	508,898
Debt:Equity	**3.11:1**	1.39:1	.71:1	.71:1	.96:1
Per Share Information [2]					
Earnings before amortization of intangibles and goodwill					
Basic	**$0.83**	$1.37	$1.08	$1.48	$1.09
Diluted	**$0.83**	$1.36	$1.08	$1.47	$1.08
Earnings from continuing operations before gain on sale of a 18.5% economic interest in Network TEN and foreign currency adjustments					
Basic	**$0.31**	$1.18	$0.96	$0.96	$0.90
Diluted	**$0.31**	$1.17	$0.96	$0.96	$0.90
Net earnings					
Basic	**$0.27**	$1.17	$0.95	$1.33	$0.93
Diluted	**$0.27**	$1.16	$0.95	$1.32	$0.92
Cash flow from operations [3]					
Basic	**$1.23**	$0.80	$1.13	$1.19	$1.36
Diluted	**$1.22**	$0.80	$1.12	$1.18	$1.35
Shares Outstanding					
At year end	**176,640,326**	151,904,322	151,449,872	151,198,974	150,675,702
Average for the year	**171,421,241**	151,644,239	151,356,194	151,008,489	150,104,148

[1] Restated to reflect retroactive change in accounting policy with respect to accounting for future income taxes and earnings per share and adjusted to reflect a 1.24% stock dividend paid in September, 2000.

[2] Operating results and per share information have been prepared on a combined basis, proportionately consolidating the company's 57.5% interest (76% to April 1998, 66% to December 31, 1996, and 57.5% to October 31, 1996) in Network TEN. Net earnings are the same as net earnings reported in the audited consolidated financial statements.

[3] Before changes in non-cash operating accounts.

SUMMARIZED QUARTERLY FINANCIAL INFORMATION

For the three month periods ended
(Unaudited)

(in thousands of dollars, except as noted)	2001 31-Aug	2001 31-May	2001 28-Feb	2001 30-Nov	2000 31-Aug	2000 31-May	2000 29-Feb	2000 30-Nov
Combined Operating Results [1]								
Revenue	**576,085**	**648,639**	**571,739**	**404,290**	269,924	329,088	209,388	268,323
Operating profit before amortization (EBITDA)	**92,542**	**171,189**	**118,140**	**128,304**	23,713	89,133	53,173	97,528
Net earnings (loss)	**(37,048)**	**32,192**	**10,473**	**41,016**	(16,246)	120,417	24,482	48,985
Cash flow from operations [2]	**9,271**	**84,239**	**49,223**	**67,861**	5,556	18,010	37,279	60,588
Per Share Information [1]								
Net earnings (loss)								
Basic	**$(0.21)**	**$0.18**	**$0.06**	**$0.26**	$(0.11)	$0.79	$0.16	$0.32
Diluted	**$(0.21)**	**$0.18**	**$0.06**	**$0.26**	$(0.11)	$0.79	$0.16	$0.32
Cash flow from operations [2]								
Basic	**$0.05**	**$0.48**	**$0.28**	**$0.44**	$0.04	$0.12	$0.25	$0.40
Diluted	**$0.05**	**$0.47**	**$0.28**	**$0.43**	$0.04	$0.12	$0.24	$0.40
Trading Statistics								
Trading volumes – TSE								
Subordinate voting shares	**7,550,525**	**15,446,771**	**22,517,006**	**8,672,702**	9,650,872	8,825,795	11,825,988	8,104,333
Non-voting shares	**176,583**	**259,487**	**521,810**	**335,288**	433,451	1,062,229	1,068,054	290,669
Trading volumes – NYSE								
Non-voting shares	**199,600**	**194,700**	**250,600**	**181,400**	152,265	175,550	392,001	407,491
Market price of subordinate voting shares								
High	**$15.64**	**$15.05**	**$15.00**	**$21.50**	$20.00	$22.22	$22.97	$19.76
Low	**$12.20**	**$10.25**	**$11.50**	**$13.50**	$15.80	$15.06	$15.01	$14.82
Market price of non-voting shares – TSE								
High	**$16.04**	**$15.00**	**$15.00**	**$21.63**	$20.74	$22.13	$22.72	$19.66
Low	**$12.00**	**$10.50**	**$11.50**	**$13.80**	$15.80	$14.96	$15.11	$14.92
Market price of non-voting shares – NYSE								
High	**USD$10.20**	**USD$9.80**	**USD$9.00**	**USD$14.56**	USD$13.46	USD$15.19	USD$15.86	USD$13.28
Low	**USD$7.94**	**USD$6.83**	**USD$7.81**	**USD$9.06**	USD$10.68	USD$10.43	USD$10.18	USD$10.12

[1] Operating results and per share information have been prepared on a combined basis, proportionately consolidating the company's 57.5% interest in Network TEN. Net earnings are the same as net earnings reported in the audited consolidated financial statements.

[2] Before changes in non-cash operating accounts.

EXECUTIVE CHAIRMAN'S REPORT TO SHAREHOLDERS

It is my pleasure to introduce the 2001 Annual Report to Shareholders, marking our tenth year since our Initial Public Offering in 1991, and looking forward to this year-end when we celebrate the twenty-fifth anniversary of the launching of your company in 1977.

To get a clear look at where CanWest is headed in this new millennium, one need only look back at those two previously mentioned milestones to understand what we have achieved between each of them and now. That look back should provide shareholders with a good perspective on where we're going. Standing on the key development foundations launched in fiscal 2000, this year was focused on absorbing the new members of the CanWest family. The eight new WIC television stations made us at long last, a national network, plus the owner of other independent and CBC-affiliated stations. The integration of these new operations is essentially successfully completed.

Mid year, we added yet another wing to the company we are building. The Southam Newspaper acquisition gives us the leading newspapers in Canada, plus additional community papers, thus doubling the size of CanWest both in Revenue and Operating Profits. The absorption process has been well launched, but out of an abundance of caution, we are proceeding carefully in order to avoid the many pitfalls one can encounter in such a major undertaking. It will take until fiscal 2003 to complete this process and derive all the benefits, and operating efficiencies inherent in the amalgamation process.

To finance these developments, we reorganized our financing to establish longer term debt, with maturities ranging between six and ten years. At the beginning of the year we set a goal to reduce senior and senior subordinated debt by 10% in 2001. We met that important goal by applying the substantial free cash generated from operations together with proceeds of approximately $250 million from the sales of CFCF, CKVU and ROBTv to the reduction of senior debt. By the end of October, following completion of the sale of CKVU Vancouver, we had reduced our senior and senior subordinated debt by over $425 million pro forma for the asset sales. Our total ratio of senior and subordinated debt to cash flow was 4.93 as of August 31, 2001, and the total senior and subordinated debt was $2.8 billion. We enter fiscal 2001-02 with significant unused credit to enable us to respond aggressively to new opportunities which our development team may generate.

In December 2000, the CRTC approved CanWest's acquisition of CJNT, a multi-cultural channel in Montreal with a 60/40 split between ethnic and non-ethnic programming. Global re-launched the station in September 2001 as CH Montreal, still a multicultural station, but sharing English language programming with our other CH branded stations in Hamilton and Victoria.

Global launched six new digital specialty channels in September 2001. DejaView features vintage television classics; FoxSportworld Canada covers international sports such as cricket and rugby; Lonestar features the best of television and movie westerns; and Xtreme Sports profiles the world's most dangerous sports. Two channels were launched in partnership with Groupe TVA of Montreal – MenTV, a channel that features programming relating to trends in men's fitness, health and lifestyle; and Mystery,

that showcases the best old and new mysteries and thrillers. CanWest established a new centralized digital broadcast facility in Winnipeg to house most of these new channels.

We expect initial audiences for the new digital channels to be modest, but as more Canadians subscribe to digital television services, and as the entire system eventually migrates to digital transmission technology, these new channels will grow in importance and value. Lonestar has captured the highest initial ratings of more than 40 digital specialty channels launched in September by various interests and four of the six channels launched by Global are among the top ten digital specialty channels.

Still on the development program, we merged all our Internet operations into canada.com, acquired additional radio stations in New Zealand and entered the outdoor advertising business in a leadership position in Australia, with extended reach into the emerging markets of Malaysia, Indonesia, Myanmar and, since year end, Vietnam. This year we celebrated the success of earlier start-ups, Prime TV, the cable channel, and TV3 Ireland, which both moved from loss positions to significant profitability. They go straight from the neo-natal care unit into the operations group, making room for new incubations.

To manage the doubled up size of CanWest, and replace executives lost in the integration process of our new companies, head office management has been significantly strengthened by bringing on several new senior executives. We welcome them to the family and wish them much success and satisfaction in the Head Office group.

To be sure, there were casualties from this expansion program. The stock market has withheld its recognition of the value we believe has been created. Our stock trades today as we go to print at \$10.05, as opposed to \$13.65 this time last year. We vigorously disagree with, but fully respect the market's assessment, and to the extent consistent with our view of what is in the best long term interests of all shareholders, we will continue to alleviate any apprehensions. We do remind shareholders, however, that even with the market's current valuation, our stock is still trading at almost 600 per cent of the initial offering 10 years ago.

Another unpleasant consequence of our dramatic expansion was the temporary suspension of the dividend in September 2001. For the year on which we are reporting, full dividends were paid, but for the coming year, the Board of Directors has decided to improve CanWest's liquidity by temporarily suspending dividends. Shareholders are assured that your Board will review this decision regularly, with a view to having the dividend re-instated when it is prudent to do so.

With regret, we announce the resignation from the Board of Ms. Sheelagh Whittaker. Ms. Whittaker accepted the position of Chief Executive Officer of a major company in Australia, and is currently living there. Happily, she has accepted an appointment as an Alternate Director to Leonard Asper, of the Board of our Australian interest, Network TEN, and is now attending its meetings as a CanWest nominee. We have elected not to fill the vacancy at the upcoming Annual Meeting, given that the Board was expanded at the last annual meeting, to have Lord Black of Crossharbour and David Radler of Hollinger join

us. However, your Board, which acts as our Nominating Committee, is considering several replacement candidates for future appointment during the year.

Subsequent to year end, Hollinger Inc. successfully divested approximately half the CanWest debentures and all of the common and voting preferred shares it acquired as part of the original sale of the Southam papers. Hollinger acquired these securities to facilitate the transaction and it was always expected and provided for in the transaction documents that there would be this divestiture. It should be of considerable comfort to shareholders to note that both these divestitures were accomplished without any market disruption. A potential stock overhang has been removed as the stock was placed with major Canadian and American institutions who are considered long term players.

We are pleased to note that the Black/Radler company, Ravelston, will continue its advisory contract regarding our publications group and both Lord Black and David Radler will remain on our Board. We are thus assured their wise and experienced counsel in the future.

I salute the Management of CanWest who have played the pivotal roles in making the acquisitions and launching the start-ups covered in this report, as well as the Operating executives who have gently, safely and effectively managed the absorption process without the traumas and tragedy that can so easily be suffered when a company expands as dramatically, in so short a time, as has CanWest.

And I express my deepest appreciation to the Board of Directors for their energy, availability, input, and support as we have wrestled with the decisions, which have led us to our present position. CanWest is essentially an entrepreneurial company, which has a distinct long-term vision. It is a pleasure to serve with a board of experienced and talented directors who vigorously participate in defining and refining that vision.

I look forward to discussing any questions you may have on the Annual Report which follows, at the Annual Meeting, which in accordance with our current policy of holding our meetings in the key cities of Canada in which we carry on business, will be held on January 30, 2002, at the Westin Bayshore Hotel, Vancouver at 2:30 p.m. For those unable to attend, you may follow the proceedings on www.canwestglobal.com.

Respectfully submitted,

I.H. Asper, O.C., O.M., Q.C.
Executive Chairman of the Board
December, 2001
Winnipeg, Canada

PRESIDENT & CEO'S REPORT TO SHAREHOLDERS

As I write this review of the past fiscal year ending August 31, 2001, I cannot but be profoundly affected by the tragic events in the U.S. that occurred on September 11th, in New York, in Washington and in a field in Pennsylvania. We can only collectively take those actions necessary to ensure that the world soon returns to those days where we feel secure going about our daily lives and when our media can focus again on everyday events rather than terror, war, destruction and personal security.

It was evident as early as the spring of 2001 that growth in the North American economy was running out of steam. A correction appeared inevitable and only the depth and duration of that correction remains unknown. The events of September 11th removed any doubt that the economic weakness will be more than a temporary blip. The consensus opinion now is that it will be at least mid-2002 before we can expect a resumption of reasonable growth rates in the Canadian and U.S. economies. The overall performance of the North American economy obviously carries implications for our businesses.

It is against that background that I report another year of solid accomplishments. External events, over which we had no control, to some extent, made our task more difficult. We set three major priorities for 2001. The first was to grapple immediately with the formidable task of integrating our newly acquired Southam newspaper and online assets into CanWest. Our second priority was to begin to reduce corporate debt, which had increased substantially as a result of our WIC and Southam acquisitions. Our third priority was our everyday job of ensuring that each of our operations, in Canada and overseas, remained diligent in the pursuit of increased revenues and profits and in controlling costs. I am pleased to report that for the most part we met or exceeded all the major goals we set for ourselves one year ago.

I fully recognize that while operating profits have almost doubled, the net earnings of the company have decreased substantially, mainly as a result of interest payments on the increased debt assumed to make several strategic acquisitions and the goodwill amortization currently required under accounting rules, and which will not be required in the future. I believe that these acquisitions were sound and will prove to be valuable in the years ahead.

With successful completion of the $3.1 billion acquisition of the Southam newspaper chain on November 16, 2000, CanWest cemented its position as Canada's largest integrated international media company and Canada's biggest newspaper publisher. As a direct result of the contributions from our newly acquired assets, our combined operating profits before amortization of broadcast rights and goodwill (EBITDA) increased to $510.2 million, up 94% from the $263.5 million achieved last year. Combined revenues, at $2.2 billion for the year, increased by 104% and are now running at three times the level of 1999. It is also important to note that the F2001 results included only two weeks of contributions from the newspaper assets during the first quarter.

On May 10, 2001, CanWest completed a placement of $720.0 million in senior subordinated notes with proceeds used to repay interim financing put in place in

November to complete the Hollinger acquisition. Initially priced to yield 11%, the bonds traded at publication time at a yield of 9.8%, showing bondholder confidence in CanWest's credit profile.

The newspapers we acquired from Hollinger are excellent assets on a stand-alone basis. They have a consistent record of generating solid profits for their previous owners. But equally important, they represent a magnificent opportunity to capture untapped and incremental profits by building on the symbiotic relationship between newspapers, television and our online properties. Working together in a mutually supportive way, these converged media properties will be significantly more profitable than would be possible operating separately. That is the essence of what media convergence is about.

CONVERGENCE AT WORK

We made a strategic decision in the mid 1990's that CanWest must be a leader in the convergence and integration of media companies that is already re-shaping the industry across North America and Europe. Foreign mergers have created giant media industry conglomerates with huge financial resources and pervasive market reach that increasingly extends into Canada. The alternative for CanWest was to eventually become marginalized in an industry made up of much bigger players. Just to put CanWest's size into perspective, our Canadian revenues, mostly from advertising, amount to about $2 billion annually. The entire annual spending on advertising across all Canadian media of $9.9 billion represents about two months' revenue for American media giant, AOL Time-Warner.

What is convergence? In the end it is a corporate strategy and, like any other strategy, convergence consists of several distinct components. Convergence does not change a company overnight, it is a journey and a new way of thinking and doing business. The CanWest convergence model is essentially one of horizontal integration. We generate revenues primarily from the sale of advertising and secondarily from the sale of subscriptions and content. Horizontal integration reflects our corporate structure in which our media operating units sell advertising across a multiplicity of platforms, ranging from conventional and specialty television, through our national, major metropolitan and community newspapers, and including our canada.com online properties.

Using these diverse exhibition platforms, CanWest creates and sells to clients, comprehensive, customized advertising and marketing solutions that are more efficient and more effective than anything our competitors can offer. We have the means to calibrate tailor-made campaigns to reach every desired market, ranging from national mass-market audiences to local and/or special interest and niche audiences, and including everything in between. Equally important, CanWest provides added value to clients by deploying made-to-order cross-promotion campaigns that take market penetration to much higher levels than would be attainable from any single media campaign, or even from an à la carte multi-media strategy where the client makes separate advertising buys across several media owned by different parties.

Another important component of the strategy is to adapt valuable content for multiple use across various media platforms. Thus we use our newspaper and television newsgathering resources to launch new television

programs and to enhance the depth and volume of news coverage and investigative journalism. We increase news diversity by providing our journalists with access to more media platforms and by exposure of their work to more Canadians.

CanWest's goal is to be a powerful force in five major media platforms: television, print, Internet, out-of-home advertising and radio. In Canada, where our convergence model has achieved the greatest progress, we are already the leader in television, newspapers and online. In Australia we are leaders in television and out-of-home. In New Zealand our strength is in television and radio. The strategy is the same in all cases. The difference in the asset mix is a function only of varying opportunities to acquire the right media assets at attractive prices. Eventually we will fill in the gaps as other acquisition or start-up opportunities present themselves.

Together, these are the drivers of convergence that will increase CanWest's revenues by improving the product we offer advertisers, generating improved data to bring greater precision and accuracy to our market research for clients, building the quality of the television programs and publications and thereby increasing the number of people consuming our media.

Convergence also brings important opportunities to reduce costs, mainly by eliminating duplication and capturing scale economies. We have already made significant progress in these areas and more remains to be done in the coming year. But cost saving, while an important by-product of convergence, was not, in itself, the primary motivation for our acquisitions and the strategy which underlies them.

CanWest has assembled an integrated company that includes a unique symmetry between television and newspapers, providing us with a major presence in a national sense but also in almost every significant community from coast-to-coast. Unlike our competitors we also have a significant stake in the international economy through our overseas television, radio and out-of-home advertising properties. Our rapidly growing international film and television program distribution business adds to that international exposure. We complement and cross-promote those assets with a strong online presence at canada.com that is now the largest Canadian web-based source of news and information used by Canadians, according to the Jupiter Media Metrix measure of unique visitors per month and second only to the CNN web site.

Convergence requires a new management structure and to that end, CanWest hired and promoted a number of executives to new positions created specifically to ensure that convergence becomes a daily institutionalized part of doing business. In March we established the Integrated Business Solutions team, a new multi-platform sales group based in Toronto. It is focused on generating multi-platform integrated campaigns that provide solutions for advertisers that are customized to meet their marketing, promotional and advertising needs.

Subsequent to the end of the fiscal year, CanWest appointed Jack Tomik as President of CanWest Media Sales to ensure that one leader in the company has the mandate and authority to bring together all the sales teams to ensure a coordinated, converged and efficient approach to meeting the requirements of advertisers, both at the national and local levels.

We also appointed Lynne Munro to the new position of National Vice President, Promotion. In this important convergence and integration appointment, Lynne, who has extensive management level experience in promotions with Southam and at the National Post, will lead the ongoing promotional campaigns that drive audience levels and readership for all the company's media operations including the newspapers, the Global, CH and specialty television networks and canada.com, while continuing to direct promotions at the National Post.

CanWest appointed well-known media visionary Ken Goldstein to the new corporate office position of Executive Vice President, and Chief Strategy Officer. CanWest has worked with him for almost 20 years, and Ken is a well-known authority on the complex relationships between new technologies, media convergence, changing economics of the media marketplace, and the evolving role of governments. Ken will ensure that we maintain a strong focus on longer-term strategy and that the longer-term view is factored appropriately into our every day decisions. Other executive appointments at the corporate office include Kim Miller as Vice President, Human Resources, and Ken Denman to the position of Chief Information Officer.

OPERATING HIGHLIGHTS

It would be an understatement to say that our ambitious expansion program presented management with daunting challenges over the past year. Our first priority was ensuring a seamless transition of the newly acquired assets to CanWest ownership and the smooth integration of their managers and staff into the CanWest operating culture.

As of November 16, 2000, the Southam group of newspapers replaced television as the biggest component of CanWest's Canadian business operations. The number of CanWest employees increased from fewer than 3,000 at the beginning of 1999 to over 11,400. It was of paramount importance to ensure that the newspaper assets did not falter during the transition, particularly given that publishing represented a new field of business activity for the company. It is a tribute to CanWest management and to the managers and staff of the newly acquired operations that, working together, they successfully and quickly fused the quite separate and distinctive cultures of television and publishing to define a common purpose.

We moved immediately to identify and capture cross-media synergies that would make the company as a whole a much better and more profitable enterprise than the sum of its individual parts.

We achieved all of the specific goals and targets we set for ourselves. Management continuity was assured when all the key managers at Southam elected to remain with CanWest. Our management services contract with Ravelston reinforced that continuity of expertise which was extremely helpful to us as we dealt with the various operating challenges at Southam. A dozen integration teams set to work immediately to eliminate duplication, to identify synergies between the various operations and to implement cost reduction and revenue enhancement initiatives. The integration teams set a performance target for the first year of $30 million of integration benefits on an annualized basis and achieved over $40 million.

The company launched several projects to integrate corporate services and to consolidate them in Winnipeg. Our first announcement, in May 2001, was a Customer Contact Centre that commenced operations in September. The Contact Centre will progressively replace six separate traditional call-center operations located in various cities in Western Canada as well as that of the National Post in Toronto. We launched a Business Services Centre that will bring together several administrative (including legal, human resources and accounting) functions of Global Television, Southam and CanWest Interactive. Our new Information Technology Group, also located in the Business Services Centre, will consolidate and manage all IT systems across the company. This new group will replace separate existing IT operations and bring order, consistency and reduced operating costs to the multitude of distinct systems and technology platforms at Global Television, Southam and at our online properties. Together, these consolidation initiatives will reduce operating costs by $20-$25 million annually when fully operational in 2003.

Several external factors made the past year a challenging one for our operations. At the beginning of the fiscal year the Sydney Olympic Games disrupted normal television schedules industry-wide and caused a delay in the launch of the fall television season in Canada. Higher newsprint prices, on average 13% higher than for the previous year, were a significant cost factor across all our newspaper operations. Then in the second half of the year, a weakening economy began to impact on advertising expenditures, affecting revenues at all our Canadian television, newspaper and online properties. The Canadian Newspaper Association reported that at the end of August, industry-wide run-of-press advertising lineage was off 5.4% compared to one year ago. Southam newspapers also experienced a decline in advertising lineage but at a slightly lower rate than the industry average, and this was partly offset by price increases in select markets.

TELEVISION

EBITDA for Canadian conventional television increased by 23% to $221.1 million from the $180.9 million recorded in 2000. Conventional television profits were negatively affected in the first quarter when the Olympic Games disrupted normal television viewing in both Canada and Australia, and again in the fourth quarter by a decline in advertising markets as the impact of a weakening North American economy became more evident.

Global TV maintained its position as Canada's top-rated television network in prime time for the 2001 season, emerging as no. 1 in the spring ratings sweep in all Global markets. The network increased its prime-time share in the target 18 to 49 age demographic to 14.5%, a 16% improvement over the previous year. Global also carried the top-rated show of the 2001 season, the reality series *Survivor*, which lead all programs by a significant margin, attracting more than 1.2 million viewers weekly. An incredible 6.4 million viewers tuned in for *Survivor's* concluding episode. The Canadian reality series *PopStars* was the most watched Canadian program in the country.

September 2000 marked the re-launch of the former WIC stations in Alberta as Global Television Network channels. This was followed in February 2001 by the re-branding of CHCH as CH Hamilton. In September 2001,

Global extended the new CH brand to CHEK Victoria as CH Vancouver Island, while at the same time further expanding the Global network with the re-launch of BCTV in Vancouver as Global BC.

An important highlight of the year for Global Television was the decision of the CRTC to renew Global's television licence for a further seven years without imposing onerous new conditions. We applaud the CRTC for recognizing the challenge of producing compelling and profitable Canadian programming in the 500 channel universe and for recognizing that such a task is not solely one that should be satisfied by turning to the conventional broadcasters alone.

Global's application included a commitment to spend approximately $1 billion in Canadian content programming over the licence period including the Vancouver-based early evening news *Global National* hosted by Kevin Newman, a Canadian and former host of ABC's *Good Morning America*. This ambitious television news program, launched in September, 2001, draws on the resources of Global news teams, the National Post and Southam news bureaus across Canada and internationally. Also new is the weekly national public affairs program *Global Sunday* originating in Calgary with veteran talk radio host Charles Adler. Other important components of Global's licence renewal application included expanded local news and information programming and major investments in Canadian drama and other Canadian entertainment programming.

Global renewed all its Canadian programs for the current year including *Blue Murder*, *Outer Limits*, *Andromeda*, *Blackfly*, *Bob and Margaret*, and introduced *Mutant X* produced by our own Fireworks Entertainment. The American program line-up includes a collaboration with Warner Bros. on *No Boundaries*, a reality show that follows extreme sports contestants on a survival trek, *Smallville*, *The Education of Max Bickford* starring Richard Dreyfuss, and a CIA drama *The Agency* as well as the return of all of Global's most popular programs from last year including such favourites as *Frasier*, *Friends*, *Boston Public*, *Will and Grace*, *The Simpsons*, *The Practice*, *Dawson's Creek* and *NYPD Blue*.

CanWest's analog specialty network, Prime TV, continues to increase its ratings and improve its profitability. EBITDA at Prime grew by 135% to $7.4 million in 2001, while revenues increased by 37% over the previous year. Prime now carries 30 of the top 50 shows among all specialty programs in Canada. Prime ranks no. 1 among women 18-49, according to Nielsen Media Research, a remarkable accomplishment given that it is seen in fewer households than many other specialty channels.

SOUTHAM PUBLICATIONS

With acquisition of the Southam newspapers, CanWest became Canada's biggest newspaper publisher. Today the company accounts for 40% of paid subscriptions to English language newspapers. We own both the leading daily newspaper and the most popular television station in most major cities, plus some 120 smaller newspapers located in communities across the country.

Southam generated EBITDA of $224.1 million for the nine-month period since their acquisition in November 2000, of which $55.0 million was recorded in the fourth quarter.

The Southam newspaper group took a number of initiatives throughout the year to offset rising newsprint costs and to introduce new operating efficiencies. These included consolidating a number of regional printing operations, reducing newsprint waste at printing operations and calibrating print runs to minimize single copy returns. Significant newsprint consumption savings were also achieved by standardizing on a slightly narrower web width among the community newspaper operations. Significant work force reductions were made, partly as a component of increased operating efficiencies and partly in response to weaker markets.

On August 23, 2001 CanWest announced an agreement with Hollinger under which the company will acquire the latter's remaining 50% interest in the National Post. Although the transaction will not be completed until March 2002, the agreement provided for an immediate shift in day-to-day management of the newspaper to CanWest. With the full support of Hollinger, CanWest took immediate steps to restructure National Post operations to bring costs into line with attainable revenues. Our goal is to achieve break-even of this start-up newspaper operation quickly, as a necessary first step towards ensuring its long-term viability.

As part of the restructuring we reluctantly terminated the unprofitable Saturday Night Magazine. However, subsequent to year-end, we were able to bring the magazine back through a new arrangement with Multi Vision Publishing under which Saturday Night will re-appear six times annually as a quality glossy publication for exclusive distribution in the National Post. Elm Street, another high quality glossy magazine published by Multi Vision, geared to the interests of professional women readers, will also be distributed with the National Post. Other major changes at the National Post include a re-focus of editorial content on the newspaper's core strengths based on in-depth research on what motivates readers to buy the newspaper. This meant reducing lifestyle and sports content while ensuring the continued strength of national and international news coverage including business and financial news.

The provocative editorial comment as well as consistently solid news and business analysis that sets the National Post apart from its rivals will remain the hallmark of our flagship newspaper. Moving forward we will rebuild sports and other content on a cost-effective basis taking advantage of the relevant content resources at Southam that are now available to the National Post.

CANWEST INTERACTIVE ONLINE OPERATIONS

CanWest acquired the canada.com family of web sites from Hollinger as part of the Southam purchase. These online properties include newspaper and other specialty sites. When combined with our existing globaltv.com sites, the canada.com web sites attracted many visitors but were costly to maintain and operate because they were essentially stand-alone operations typically using different technical platforms. Collectively the online properties registered significant losses of $16.3 million in EBITDA in 2001.

However those losses will be reduced, by more than 50%, going forward into F2002 as a result of a number of initiatives taken among the CanWest Interactive properties. In September, 2001, CanWest Interactive

announced a major consolidation and integration of technical systems at all CanWest online sites. globaltv.com and the Southam daily newspaper online sites merged to become part of the canada.com national network, reducing costs, providing a single technology platform, and making the entire system more user-friendly.

According to the online research company Jupiter Media Metrix, the newly integrated site at www.canada.com received 1.7 million "unique visitors" in September, the most "unique Canadian visitors" of any Canadian site in the news and information category.

CANWEST ENTERTAINMENT PRODUCTION/DISTRIBUTION

Last year was another successful year for Fireworks Entertainment, our television and feature film production and distribution division. EBITDA for the year grew by 83% to $13.6 million on revenues of $182.0 million.

Fireworks moved quickly to capture incremental revenues from the international distribution of programming contained in the film library acquired last year from Endemol. Fireworks Pictures co-produced two box office hit feature films in 2001 with Paramount Pictures, *Rat Race* starring Whoopi Goldberg and John Cleese and *Hardball*, starring Keanu Reeves and Diane Lane. A third new feature film, *Cletis Tout* with Christian Slater and Tim Allen premiered at the Toronto International Film Festival in September 2001. In television, Fireworks produces primarily for the U.S. syndication market, with companies such as Tribune, Nickelodeon and Rysher. Its primary source of revenue is through the acquisition of world-wide distribution rights for these programs. Fireworks also distributed such popular mini-series as *Blonde* and has *A Wrinkle in Time*, a new series for ABC, in production. The division launched a new sci-fi television action series *Mutant X*, while extending production of successful action series *Relic Hunter* and *Andromeda*. *Andromeda* remains in the top spot among all new shows in syndication in the US market.

Fireworks' program and feature film library now stands at 1200 hours. We believe that quality English language content will be in increasingly short supply with the rapid proliferation of exhibition platforms in North America and around the world. Continued dynamic growth of Fireworks Entertainment to meet that expanding demand remains a high CanWest priority.

INTERNATIONAL OPERATIONS

AUSTRALIA

Revenues and profits at Network TEN were affected by the carriage of the Olympic Games on a rival network and the general disruption to normal television viewing that typically happens during Olympic Games broadcasts. A weak economy also reduced spending on television advertising in Australia in the ensuing months and had a negative impact on TEN's earnings. As a result, Network TEN's television revenues dropped by 18% to $405.4 million and EBITDA fell by 32% to $120.4 million.

The negative factors were ameliorated over the year by improved ratings at TEN that moved the network into first place in Australia among its target 16-39 demographic. TEN's market share increased by 18.5% while the two competing networks lost market share by 11.5% and 3.2%. A successful strategy of increased

locally produced drama series was a major contributor to TEN's ratings success. The improving Australian economy together with the higher ratings should contribute to improved financial results at TEN in 2002.

Network TEN announced in October 2000 its A$189.9 million acquisition of a 60% interest in Eye Corp., Australia's second largest out-of-home advertising company. Initial results at Eye Corp. fell short of expectations. However improved operating results are expected in 2002 as a result of top level management and other changes at Eye Corp. including the appointment of Gerry Thorley as CEO. Thorley was previously a senior executive at TEN. Other developments at TEN include the closure of an unprofitable online venture and the sale of its interest in affiliate Southern Cross Television with a gain on the sale of A$58.6 million.

CanWest will receive an annual cash distribution of approximately $61 million from TEN in December 2001.

NEW ZEALAND

In New Zealand we completed the purchase of 100% of the RadioWorks group of radio stations in March and immediately began to integrate that profitable acquisition with our existing MORE FM radio station group. Operating profits (EBITDA) more than doubled to $14.3 million while revenues increased by 90% to $56.9 million. As a result, CanWest Radio New Zealand has become New Zealand's largest commercial radio operator accounting for 45% of the radio advertising market. Local management made considerable progress during the year in integrating the RadioWorks operations with MORE FM to take advantage of significant synergies in the advertising sales and in other administrative functions.

At the same time the continuing weak overall economy combined with a low New Zealand dollar that increased the cost of purchasing foreign programs, constrained progress at our TV3 and TV4 television networks. The combined New Zealand television operations registered a loss of $8.9 million in 2001 compared to an operating profit of less than one million dollars last year.

We are by no means satisfied with our performance in television in New Zealand over the past few years. The combination of a fragmenting market and a sinking New Zealand currency have made it difficult to achieve satisfactory operating results. We took a number of steps last year to restore profitability including a 15% reduction in operating costs of over $10 million, implementation of new programming strategies as well as changes in management.

There are indications that the New Zealand economy is finally showing signs of life as we move into 2002, allowing the TV operations to translate audience share improvements already achieved, into revenue gains. Restoration of a stronger economy and improved exchange rate for the New Zealand dollar remain the key to profitable operations at TV3/4. In the meantime, local management is pursuing additional measures to bring operating costs into line with achievable revenues. Fortunately, profits from our radio operations in New Zealand remain buoyant and more than offset the current losses from television operations.

IRELAND

In Ireland we welcomed Granada Media as an equal 45% joint venture partner in TV3. With that $44 million transaction, completed at the end of March, CanWest recovered its original investment in TV3 made nearly three years ago, while maintaining a 45% interest in this dynamic TV venture. Of particular significance, the agreement included a program supply deal that moved some of the most popular Granada programs including *Coronation Street* and *Emmerdale*, from the Irish state television network to TV3. As a result TV3 moved up from 5th to 2nd place among Irish Television networks and made substantial progress in increasing both revenues and operating earnings in 2001. TV3 recorded positive operating earnings (EBITDA) of $3.2 million compared to a loss of $8.7 million in 2000. Revenues also increased by 62% to $41.8 million.

LOOKING AHEAD

Over the past year, the main priorities of management were to complete the corporate financing and other tasks associated with the ambitious corporate development projects undertaken in the previous year, to integrate the newly acquired assets, to improve existing business operations and to begin reducing corporate debt.

In the coming year, as we gird ourselves to accommodate the uncertainties of a weaker economy, our top priorities are to reduce corporate debt by seeking out additional operating cost improvements, building on identified new revenue opportunities, and continuing to press ahead on integration initiatives that enhance the bottom line. A positive attribute of weak economies is that they typically present unanticipated growth opportunities. We have consciously organized ourselves to ensure that CanWest retains financial flexibility to seize such growth opportunities if and when they arise.

The North American economy is clearly heading into uncharted economic waters. It remains uncertain how deep the recession will be and how long it will last. The preponderance of expert opinion is optimistic that the recession will be a relatively short and shallow correction, with healthy economic growth resuming at some point in 2002. While we hope the experts are right, we are prepared for a much longer and deeper slowdown.

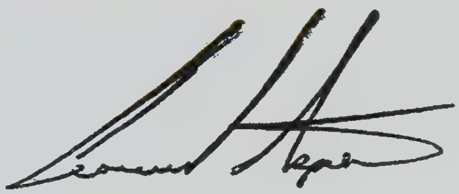
Regardless, we believe CanWest is positioned better than most to ride out the waves. The aggressive action we are taking to derive financial benefits from integration and convergence, combined with the market leadership position of virtually all of our properties, has already cushioned the negative impact of the weak economy. Moreover, CanWest should benefit disproportionately from economic recovery because of the progress we have made in squeezing out unnecessary costs and from creating the means to generate new revenues from convergence.

Our Canadian and overseas operations continue to generate cash flow at a level that is more than sufficient to sustain ongoing reduction of corporate debt. Our unmatched ability to use no-cost cross-promotion to sustain higher television ratings and to support added growth in newspaper circulation, together with unique cross-media solutions for advertisers, add up to a bigger CanWest share of the total ad spend. We fully expect to bring in additional integration benefits in F2002 that will at least match, but more likely exceed, the $40 million in annualized benefits achieved in F2001.

The decline in newspaper ad lineage was at least partially offset by newspaper price increases. Additionally the price of newsprint is declining and may have sufficient downward momentum to wipe out all the price increases that occurred last year. Cost reductions and operating efficiencies implemented at both Southam and Global television will pay dividends in the form of higher margins and profits. Network affiliation changes at Global Vancouver and CH Vancouver Island will also contribute added revenues in 2002.

In sum, we remain confident that our strategy is a winning one. Our business is to generate news, information, sports and entertainment content to serve the consumer, and to sell advertising and subscriptions around that content. No one has the means to do that better in Canada than CanWest. Our international assets are well positioned for future growth. Our expansion into newspapers, content production and distribution, specialty television and online properties has also created a foundation from which to broaden our revenue base to include subscription and merchandising revenues as well as the income from world-wide distribution of feature films and television programming. CanWest is not immune to the impact of a North American recession, but we remain better equipped to cope with market turbulence than any of the competition and better positioned to benefit when the economy returns to normal growth rates.

Respectfully submitted,



Leonard Asper
President and Chief Executive Officer
December, 2001
Winnipeg, Canada

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Certain statements in this report may constitute forward-looking statements. Such forward-looking statements involve risks, uncertainties and other factors which may cause actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

OVERVIEW

The Company is an international media company formed under the laws of Canada. In Canada, the Company owns and operates 16 broadcast television stations and several specialty cable channels, including Global Prime, 26 daily newspapers and more than 100 non-daily publications, and has a 50% interest in the National Post. The Company also owns and operates New Zealand's TV3, TV4, CanWest Radio NZ and RadioWorks and has a 57.5% economic interest in Australia's Network TEN, a 45% equity interest in the Republic of Ireland's TV3, and a 29.9% equity interest in Northern Ireland's UTV. In addition, the Company owns and operates CanWest Entertainment Inc., an international film and television production and distribution company.

In 1997 and 1998, the Company acquired approximately 44% of WIC Western International Communications Inc. ("WIC"). On March 31, 2000, the Company completed a series of transactions with the other shareholders of WIC, which resulted in the division of WIC's broadcasting, distribution and other businesses. Through these transactions, the Company acquired all of WIC's shares and retained all of WIC's broadcast television stations, as well as a 50% interest in ROBTv and certain other assets. The aggregate acquisition cost for the WIC assets acquired was $860.9 million.

The acquisition of WIC's broadcast television stations was approved by the CRTC, subject to the required divestiture of one television station in Vancouver and one television station in Montreal. In October 2001 the Company sold its interest in CKVU (Vancouver) and received gross proceeds of approximately $125 million. In September 2001 the Company sold its 70% interest in CFCF (Montreal) for proceeds of approximately $90 million. In August 2001 the Company sold its 50% interest in ROBTv for proceeds of $30.0 million.

In August 2001 the Company announced an agreement to acquire the remaining 50% of the National Post. This transaction is expected to close on March 31, 2002.

In May 2001 the Company concluded the private placement of approximately $720 million in 10-year senior subordinated notes bearing a coupon of 10 5/8% replacing interim financing arrangements.

On May 1, 2001 the Company acquired the minority interest in CanWest Broadcasting Limited through an amalgamation transaction, and issued series 2 preference shares, which are redeemable for cash, or convertible to subordinate voting or non-voting shares of the Company, at the option of the Company. The redemption value of the preference shares has been estimated at $50.0 million, and is subject to valuations which have not yet been performed.

In March 2001, the Company completed a series of transactions through which Granada Media acquired a 45% interest in TV3 (Ireland). While the Company retains a 45% interest in TV3, control of the board of directors is shared with Granada Media. Accordingly, after March 31, 2001 the Company proportionately consolidates its 45% interest in TV3 in accordance with Canadian generally accepted accounting principles ("GAAP").

In November 2000, the Company acquired Southam Publications for an aggregate purchase price of approximately $3.1 billion, including certain costs associated with the transaction and subject to adjustments for working capital.

In May 2000, the Company acquired a 72% equity interest in New Zealand's RadioWorks through a series of purchases on the New Zealand Stock Exchange and in January 2001 acquired the remaining shares. The aggregate acquisition cost of RadioWorks was $73.9 million. In May 2000, the Company also acquired CJNT, a multicultural television station serving Montreal, for $2.0 million.

In August 2000, CanWest Entertainment acquired the library of a Dutch entertainment company, Endemol Distribution, for cash of $110.0 million.

Application of accounting principles

The Company prepares its consolidated financial statements in Canadian dollars and in accordance with Canadian GAAP. The consolidated financial statements include the Company's accounts and the accounts of its subsidiaries.

The preparation of financial statements in accordance with Canadian GAAP requires the use of estimates and assumptions that affect reported amounts of assets, liabilities, revenue and expenses, and disclosure of contingencies. Future events could alter such estimates.

During 2001, the Company adopted new recommendations of the Canadian Institute of Chartered Accountants ("CICA") relating to accounting for income taxes and employee future benefits. A description of the impact of these changes in accounting policies, and a discussion of new accounting standards of the CICA which impact the Company, is provided in Note 1 to the Consolidated Financial Statements for the years ended August 31, 2001 and 2000.

The Company accounts for its economic interest in Network TEN using the equity method of accounting. Under this method, the Company's interest in the net earnings (before interest on subordinated debentures and dividends received) of Network TEN is included in the Company's consolidated earnings and an adjustment is made to the carrying value at which the investment is recorded on the consolidated balance sheet. The carrying value of this investment is reduced by any interest on subordinated debentures and dividends received by the Company.

The Company accounts for its interest in the National Post using the equity method. Upon completion of the acquisition of the remaining 50% interest in the National Post, the Company will consolidate its 100% interest.

THE COMPANY

Fiscal 2001 Compared to Fiscal 2000

Revenue increased $1,212.9 million, or 166%, to $1,944.8 million for the year ended August 31, 2001 from $731.8 million in the same period last year. This increase is primarily due to the acquisitions of WIC on March 31, 2000, RadioWorks in May 2000 and Southam Publications on November 16, 2000.

In Canada, revenue from television operations increased $211.1 million, or 43% for the year, to $701.0 million from $489.9 million last year. This increase is due to an increase in airtime revenue of $236.0 million as a result of the revenue contribution from the former WIC stations. Revenue from Global Prime increased $5.2 million, or 37%, from the same period last year. On a pro-forma same station basis revenue from conventional television decreased $19.2 million, or 27%. This decrease was

primarily the result of the Olympics, which were broadcast on a competing network and delayed the commencement of the fall programming schedule.

Revenue from CanWest Entertainment increased $70.4 million or 63% to $182.0 million in fiscal 2001 compared to $111.6 million in fiscal 2000. Several developments contributed to revenue growth including the delivery of two new television series, Andromeda and Queen of Swords, the success of the feature film Rat Race and increased film and television library sales including the Endemol library which was acquired in August 2000.

In New Zealand, revenue from television operations decreased $14.5 million, or 20%, to $58.4 million for the year from $73.0 million last year. Results from New Zealand have been translated at an average rate of $0.638 compared to $0.713 last year, a decline of 11%. Revenue in local currency decreased to NZ$91.8 million, or 10%, from NZ$101.6 million last year. The decline was primarily a result of a generally soft market environment and the impact of the Olympics in September 2000.

Revenue from radio operations in New Zealand increased $26.9 million, or 90%, to $56.9 million for the year, up from $30.0 million last year. The Company acquired 72% of RadioWorks in May 2000 and the remaining 28% in January 2001. RadioWorks contributed $38.5 million to consolidated revenue in the year ended August 31, 2001. CanWest Radio NZ's revenue in local currency was unchanged from the prior year.

In the Republic of Ireland, revenue from TV3 increased $3.6 million, or 13%, to $31.0 million for the year ended August 31, 2001, from $27.4 million in the same period last year. In March 2001, the Company restructured its interest in TV3 Ireland. As a result, the accounting treatment was changed to a 45% proportionate consolidation from 100% consolidation in the previous periods. Results from the Republic of Ireland were converted to Canadian dollars at an average rate of $1.7167 for the 12 months, compared to $1.8243 for fiscal 2000, a 6% decline. On a local currency basis, TV3's total revenue grew 62% to Ire£24.4 million for the 12 months from Ire£15.0 million for the same period last year, as TV3 continues to build advertiser support.

Revenue of $917.8 million from Southam Publications (excluding the National Post) has been included in operations for the period from November 16, 2000 to August 31, 2001. For the twelve months ended August 31, 2001, Southam Publications generated revenue of $1,187.5 million, compared to $1,192.3 million in the previous comparable period. The decline reflected a weakening in the advertising market, which commenced in April 2001, following comparably strong first and second quarter results. Approximately 78% of Southam's revenue was derived from advertising, while circulation represented 17% of total revenue.

Total operating expenses (including selling, general and administrative expenses) before amortization increased $916.4 million, or 156%, to $1,503.7 million for the year ended August 31, 2001 from $587.3 million for the same period last year. This increase is primarily related to the acquisitions of WIC, RadioWorks and Southam Publications.

In Canada, total operating expenses before amortization for broadcast operations increased $148.5 million, or 46%, to $471.5 million from $323.0 million in the prior year as a result of the acquisition of the WIC television stations.

Operating expenses for CanWest Entertainment increased $64.3 million or 62% to $168.4 million for fiscal 2001 from $104.1 million in fiscal 2000, reflecting increased participation by Fireworks in various production and distribution projects.

In New Zealand, total operating expenses before amortization for television operations decreased $4.8

million, or 7%, to $67.4 million from $72.1 million in the same period the prior year, mainly attributable to the declining value of the New Zealand dollar against the Canadian dollar. In local currency, total operating expenses before amortization increased to NZ$105.6 million, or 5%, from NZ$100.9 million in fiscal 2000. Total operating expenses before amortization for radio operations in New Zealand increased to $42.6 million, or 85%, from $23.0 million in fiscal 2000. In local currency, the increase was NZ$34.0 million to NZ$66.7 million from NZ$32.7 million in the same period last year. The increase is primarily the result of the RadioWorks acquisition. Total operating expenses before amortization for RadioWorks were NZ$44.8 million for the year ended August 31, 2001.

In the Republic of Ireland, total operating expenses before amortization decreased to $28.3 million from $36.1 million for the same period last year, reflecting the change in accounting treatment from 100% consolidated to 45% on a proportionately consolidated basis. In local currency, TV3 Ireland's operating expenses increased by Ire£2.7 million or 14% to Ire£22.5 million from Ire£19.8 million in fiscal 2000.

Total operating expenses before amortization of $693.7 million for Southam Publications have been included in operations for the year ended August 31, 2001, representing the period following the November 16, 2000 acquisition. For the twelve months ending August 31, 2001, total operating expenses at Southam were $876.0 million, which represented no material change compared to the same twelve months in 2000. A 13% year over year increase in newsprint prices was offset by the consolidation of regional printing operations, a reduction of waste and single copy returns, and a reduction of web widths of certain papers.

Selling, general and administrative expenses increased $273.4 million, or 350%, to $382.3 million from $108.9 million in the same period last year. The increase is primarily the result of the acquisitions of WIC, Southam Publications and RadioWorks. Selling, general and administrative expenses of $228.9 million for the Southam Publications have been included in results for the 12 months. Selling, general and administrative expenses were included with operating expenses in the discussion of segmented results.

Operating profit before amortization, or EBITDA increased $296.5 million, or 205%, to $441.1 million for the year ended August 31, 2001 from $144.5 million in the previous year. The increase is primarily attributable to the acquisitions of WIC, RadioWorks and Southam Publications (excluding the National Post). EBITDA of RadioWorks and Southam Publications for the period were $9.8 million and $224.1 million, respectively. Offsetting the effect of these acquisitions were declines in revenue from Global Television Network on a same station basis and declines in revenue from TV3 and TV4 in New Zealand.

Operating losses from on-line operations were $16.2 million for the year, on revenues of $6.5 million. In the fourth quarter, losses were $2.9 million, reflecting the significant progress achieved in reducing costs through the consolidation and integration of technical platforms under the canada.com brand.

Amortization, including amortization of broadcast licences, circulation, goodwill and capital assets, increased $112.7 million to $156.0 million for the year ended August 31, 2001 from $44.3 million in the same period last year. The increase is a result of the WIC, RadioWorks and Southam Publications acquisitions.

Financing expenses increased $303.0 million to $356.8 million for the year ended August 31, 2001 from $53.8 million in fiscal 2000. The increase reflects a higher level of debt outstanding as a result of the acquisitions of WIC on March 31, 2000 and Southam Publications on November 16, 2000.

Investment income decreased $72.6 million to $28.6 million for the year ended August 31, 2001 from $101.2 million for the same period the previous year. For the year ended August 31, 2001, the Company recorded gains on sale of investments of $7.9 million from the sale of publicly traded common shares of Alliance Atlantis Communications Inc., previously acquired for investment purposes, and a gain of $20.7 million from the reorganization or the Company's interest in TV3 Ireland. In fiscal 2000, the Company recorded a gain on the sale of its investment in CTV of $99.4 million. Dividend income includes dividends from UTV of $3.0 million for the year ended August 31, 2001 compared to $2.7 million for the same period last year.

Recovery of income taxes increased by $107.1 million to $59.0 million for the year ended August 31, 2001 from a charge of $48.1 million in the same period last year. The provision for income taxes reflects a future income tax recovery of $70.5 million related to the reduction of federal and provincial income tax rates enacted during 2001.

The net charge for minority interests increased by $5.4 million to $3.2 million from a credit of $2.2 million in the same period last year. This increase was primarily the result of the depletion of the minority interest credit related to TV3 Ireland and the inclusion of a charge related to the 28% minority interest in RadioWorks until January 2001.

Interest in earnings from Network TEN declined $19.6 million, or 27%, to $52.6 million for the year ended August 31, 2001 from $72.2 million in the same period last year. The decline was attributable to a reduction in revenue resulting from the impact of the Olympics, broadcast on a competing network, and a generally soft advertising market following the Olympics. Network TEN and Village Roadshow discontinued SCAPE, their on-line partnership, in March 2001. As a result, Network TEN wrote off its investment in SCAPE in February 2001. The Company's share of the loss amounted to $13.4 million. Partially offsetting these decreases were investment gains related to the sale of investments and other assets by Network TEN. The Company's share of these gains was $28.6 million. Also affecting the result was a decline of 11% in the average rate of exchange.

The Company incurred a $7.2 million loss from currency translation realized on distributions declared by Network TEN in the year ended August 31, 2001 compared to a loss of $1.3 million in the same period last year.

The Company incurred losses from equity accounted affiliates of $14.5 million for the year ended August 31, 2001 representing the Company's share of net earnings from CFCF and ROBTv of $1.9 million offset by its 50% share of losses for the National Post.

Net earnings decreased $131.0 million, or 74%, to $46.6 million for the year ended August 31, 2001 compared to $177.6 million in the same period last year.

Fiscal 2000 Compared to Fiscal 1999

Growth in fiscal 2000 was primarily the result of the acquisitions of WIC in March 2000, and RadioWorks in May 2000 as well as significant growth in CanWest Entertainment, and TV3 Ireland. Revenue increased $129.5 million or 22% in 2000 to $731.8 million from revenue of $602.3 million for the year ended August 31, 1999.

In Canada, revenue from Global Television for fiscal 2000 increased $7.9 million or 2% to $453.1 million in 2000 compared to $445.2 million in 1999, satisfactory growth in a flat advertising market. Former WIC television stations contributed new revenues of $107.9 million. CanWest Entertainment revenues increased by $64.4 million or 136% to $111.6 million from $47.2 million in 1999.

In New Zealand, revenue from television broadcasting for 2000 was NZ$101.6 million, up $11.0 million or 12% from NZ$90.6 million in 1999. After conversion

to Canadian dollars, revenues from TV3 and TV4 increased by $1.0 million to $73.0 million from $72.0 million in 1999 reflecting a 10% decline in the average rate of exchange at which results were converted to Canadian dollars.

Revenues from CanWest Radio New Zealand increased by NZ$17.2 million or 68% to NZ$42.6 million for 2000 compared to NZ$25.4 million in 1999. NZ$13.7 million of the increase was the result of the acquisition of RadioWorks during 2000. The remaining NZ$3.5 million increase was the result of a 14% increase in revenue from More FM to NZ$28.9 million compared to NZ$25.4 million for 1999. After conversion to Canadian dollars, reflecting a 10% decline in average exchange rates, revenues from CanWest Radio New Zealand increased by $9.8 million or 48% to $30.0 million from $20.2 million in 1999.

In the Republic of Ireland, revenue from TV3 increased 80%, or IR£6.7 million, to IR£15.0 million from IR£8.4 million in 1999. This increase reflects TV3's significant growth in its second year of operations. After conversion to Canadian dollars, reflecting a decline of 14% in average exchange rates, revenue from the Republic of Ireland increased $9.7 million or 5% to $27.4 million from $17.7 million in 1999.

Operating expenses before amortization increased 34% or $148.1 million to $587.3 million from $439.1 million in 1999. This increase was primarily attributable to the acquisitions of WIC and RadioWorks, growth in CanWest Entertainment and TV3 Ireland, and the write-down of program inventory by TV3 New Zealand.

Operating profit before amortization, or EBITDA, decreased by $18.6 million or 11% to $144.5 million in 2000 compared to $163.2 million in 1999. EBITDA margin was 20% in 2000 compared to 27% in 1999.

Amortization, including amortization of broadcast licences and goodwill, totalled $44.3 million in 2000 compared to $35.6 million in 1999. This $8.7 million or 20% increase is primarily the result of the acquisitions of WIC and RadioWorks.

Financing expenses increased $20.7 million or 63% to $53.8 million for 2000 from $33.0 million for 1999. The increase reflects a higher average level of debt outstanding as a result of investment activities including the acquisition of WIC.

Investment and dividend income increased $81.4 million or 362% to $103.9 million from $22.5 million for 1999. Investment income for 2000 includes the gain on sale of the Company's investment in CTV of $99.4 million and ordinary dividends from UTV. In 1999, dividend income included ordinary and special dividends from UTV of $13.4 million and $2.4 million respectively and WIC dividends of $2.4 million. WIC suspended the payment of dividends after the second quarter of fiscal 1999.

Provision for income taxes decreased $1.6 million or 33% to $48.1 million from $49.7 million in 1999.

The credit for minority interests decreased $7.6 million or 78% to $2.2 million in 2000 compared to $9.8 million in 1999. Minority interests include a charge for 29.9% of CanWest Broadcasting Ltd. and a credit for 55% of the results of the Republic of Ireland's TV3. The credit was reduced due to improved operations of TV3 Ireland and as a result of the depletion of the TV3 Ireland minority interest balance.

Interest in earnings of Network TEN increased $3.4 million or 5% to $72.2 million compared to $68.7 million in 1999. This increase was attributable to increased earnings of Network TEN offset by a decline of 5% in average exchange rates.

Interest in earnings of equity accounting affiliates of $2.3 million in 2000 includes earnings from WIC regulated assets for April and May of $2.4 million, earnings from CF Television for April to August of $0.6 million offset by partnership losses of ROBTv for April to August of $0.8 million.

The Company incurred a loss of $1.3 million arising from foreign currency translation losses realized upon distributions from Network Ten compared to a $1.5 million loss in 1999.

Net earnings increased $33.2 million or 23% to $177.6 million from $144.4 million in 1999.

Consolidated Quarterly Financial Results

For the three month periods ended

(Unaudited)	2001				2000			
(in thousands of dollars, except as noted)	31-Aug	31-May	28-Feb	30-Nov	31-Aug	31-May	29-Feb	30-Nov
Revenue	508,382	585,467	514,950	335,976	187,505	211,834	152,660	179,849
Operating profit before amortization (EBITDA)	65,772	158,260	113,448	103,591	791	47,670	35,138	60,944
Amortization of broadcast licences and goodwill	23,904	27,339	24,648	14,268	9,771	3,684	3,786	3,676
Other amortization	19,076	17,217	19,034	10,478	7,638	5,187	5,162	5,368
Interest in earnings of Network TEN	34,819	4,969	(4,411)	17,190	17,600	15,732	13,249	25,613
Net earnings (loss)	(37,048)	32,192	10,473	41,016	(16,246)	120,417	24,482	48,985
Cash flow from operations [1]	(9,436)	76,150	109,167	49,083	(915)	(9,865)	89,686	33,137
Earnings per share								
Net earnings (loss) per share								
Basic	($0.21)	$0.18	$0.06	$0.26	$(0.11)	$0.79	$0.16	$0.32
Diluted	($0.21)	$0.18	$0.06	$0.26	$(0.11)	$0.79	$0.16	$0.32
Cash flow from operations per share [1]								
Basic	($0.05)	$0.43	$0.62	$0.31	$(0.22)	($0.07)	$0.59	$0.22
Diluted	($0.05)	$0.43	$0.61	$0.31	$(0.22)	($0.07)	$0.59	$0.22

There were no extraordinary items reported in the last eight quarters.
[1] Before changes in non-cash operating accounts.

Liquidity and Capital Resources

Cash flow from operations was $225.0 million for the year ended August 31, 2001 compared to $112.0 million for the same period last year. The increase in cash flow results from acquisitions, including the contributions of WIC, RadioWorks and Southam Publications, offset by increased financing costs and non-cash working capital requirements.

Cash and short term investments were $19.5 million at August 31, 2001 compared to $76.3 million as of August 31, 2000.

Capital expenditures related to the ongoing replacement of property and equipment were $49.6 million for the year ended August 31, 2001 compared to $10.0 million for the same period last year.

Proceeds from the sale of investments, including proceeds related to the investment by Granada Media plc in Ireland, amounted to $98.1 million during 2001. Fireworks invested $109.8 million in film and television programs during 2001, compared to $102.6 million in fiscal 2000. The Company paid cash dividends totaling $49.0 million for 2001. In September 2002 the Company temporarily suspended the payment of dividends in favor of debt reduction.

During the year ended August 31, 2001, the Company invested cash of $1,985.5 million for the acquisition of Southam Publications. Non-cash consideration related to this acquisition included the issuance of $375.5 million in shares (as reported under Canadian GAAP) and $766.8 million of junior subordinated notes payable to the seller. In addition, the Company invested cash of $21.8 million to acquire the 28% minority interest in RadioWorks.

Long-term debt including the current portion increased $2,739.2 million during the year ended August 31, 2001 to $3,911.8 million. During the first quarter, the Company financed the acquisition of Southam Publications and refinanced certain existing credit facilities by entering into a new senior secured credit facility with a syndicate of lenders. The total credit available under the facility is $2,768.0 million of which the Company had utilized approximately $2,288.0 million as of August 31, 2001. Under certain circumstances, the new senior credit facility can be increased by $300 million. The facility includes revolving and non-revolving tranches with terms ranging from 6 to 8.5 years. The senior credit facility is collateralized by certain assets of the Company. In addition, the Company issued approximately $720.0 million in senior subordinated notes maturing in 2011. The senior subordinated notes are guaranteed by certain subsidiaries.

The blended cost of these debts, giving effect to interest rate and currency swaps in place at August 31, 2001 is approximately 9.1%.

Since the year end date, the Company used proceeds from the sale of CKVU and CFCF in the approximate amount of $215.0 million to reduce outstanding debt under operating lines, and meet current interest and principal repayments.

At August 31, 2001 the junior subordinated notes payable were $842.8 million. These notes bear interest at 12 1/8% and mature in 2010. At the Company's option, interest payments to November 2006 may be paid in cash, by the issuance of additional notes, or subject to conditions, by the issuance of non-voting shares of the Company.

The Company has entered into currency and interest rate swaps with certain lenders under it's senior indebtedness. All of the currency exposure and the interest rate exposure on $2,100.0 million of the debt outstanding under it's senior indebtedness has been hedged for terms expiring in 2005 to 2009, corresponding with the maturity of the debt.

At August 31, 2001, Fireworks had term loans outstanding in the amount of US$26.3 million with maturity dates in 2002 and 2003, collateralized by rights to certain film and television programs, including an assignment of related accounts receivable. Subsequent to August 31, 2001, Fireworks entered into additional term loan facilities, aggregating US$24.3 million.

The Company has not hedged the foreign currency position of its investments in Network TEN, New Zealand or the Republic of Ireland.

Based on current operations, the Company believes cash flow from operations, together with available borrowing capacity under the senior credit facility, will be adequate to meet anticipated requirements for working capital, capital expenditures and interest payments.

Although the Company has no present agreements with respect to any material acquisitions or investments, from time to time potential acquisitions and investments are evaluated and, to the extent permitted by the terms of senior debt instruments, the Company may make such acquisitions or investments should attractive opportunities arise. The Company expects that the funding for any such acquisitions or investments would come from working capital, borrowing under the senior credit facility or future credit facilities, additional equity and debt financing, entering into joint ventures or a combination of these options.

NETWORK TEN

The Company has a 57.5% economic interest in Network TEN, one of Australia's three non-government owned national broadcast television networks. While Network TEN's results are not consolidated into the financial statements, the Company receives interest payments under Network TEN's outstanding subordinated debentures, all of which are owned by the Company and dividend payments on the Network TEN shares owned by the Company.

Set forth below is a discussion of Network TEN's results of operations without giving effect to the Company's proportionate interest in Network TEN.

Fiscal 2001 Compared to Fiscal 2000

Total revenue increased A$7.2 million, or 1%, to A$555.5 million for the year ended August 31, 2001, from A$548.3 million. Revenues of A$50.0 million from Eye Corp., in which Network TEN acquired a 60% controlling interest in December 2000, offset decreases from television operations due to the negative impact of the Olympic Games in Sydney during the first quarter.

Operating expenses before depreciation and amortization increased A$53.6 million, or 15%, to A$406.3 million for the year ended August 31, 2001 from A$352.7 million in the same period in the previous year. This increase is primarily attributable to the inclusion of A$46.5 million in Eye Corp. operating expenses, as well as increased operating costs associated with transmission of a digital signal.

Operating income before depreciation and amortization decreased A$46.3 million, or 24%, to A$149.3 million for the year ended August 31, 2001 from A$195.0 million for the same period in the previous year. Results included the contribution of A$3.5 million from Eye Corp. for the eight months from acquisition and were affected by revenue shortfalls from television operations and incremented costs related to digital transmission.

Network TEN's investment income totaled A$34.6 million for the year ended August 31, 2001. This included gains on sale of certain listed investments of A$56.8 million and sale of excess real property of A$7.0 million. These gains were partially offset by a loss of A$29.2 million resulting from the write off of certain of Network TEN's on-line investments, primarily the result of the discontinuance of the SCAPE joint venture.

Depreciation and amortization expenses increased by A$11.7 million, to A$25.2 million for the year ended August 31, 2001 from A$13.5 million in the same period in the previous year. This increase is primarily attributable to the additional amortization resulting from the acquisition of 60% of Eye Corp.

Financing expenses, excluding interest in respect of subordinated debentures, increased to A$18.4 million for the year ended August 31, 2001 from A$2.1 million in the same period the previous year, reflecting higher debt levels.

Provision for income taxes decreased by A$9.8 million, to A$23.8 million for the year ended August 31, 2001 from A$33.6 million in the same period the previous year, as a result of the reduction in earnings.

Network TEN's earnings, excluding interest in respect of subordinated debentures, decreased by A$24.7 million, or 17%, to A$123.1 million for the year ended August 31, 2001 from A$147.8 million in the same period the previous year.

Fiscal 2000 Compared to Fiscal 1999

Total revenue increased A$35.7 million, or 7% to A$548.3 million for 2000 from A$512.6 million for the previous year. Revenue increased in line with the overall Australian advertising market.

Operating expenses before amortization increased A$25.3 million, or 8%, to A$352.7 million for 2000 from A$327.4 million for the same period in the previous year. This increase primarily resulted from costs related to the acquisition and development of programming designed to reinforce Network TEN's position in its key demographics and to increase revenue yield from domestic programming.

Operating income before amortization, or EBITDA, increased $10.4 million, or 6%, to A$195.6 million for 2000 from A$185.2 million for the previous year.

Amortization decreased marginally to A$13.5 million for the year ended August 31, 2000 from A$13.8 million for the previous year.

Financing expenses, excluding interest in respect of subordinated debentures, decreased marginally to A$2.1 million of the year ended August 31, 2000 from A$2.3 million for the previous year.

Provision for income taxes decreased A$2.5 million, or 7%, to A$33.6 million for 2000 from A$36.1 million for 1999, in part due to a decline in the statutory tax rate.

Earnings, excluding interest in respect of subordinated debentures, increased $13.2 million, or 10%, to A$147.8 million for 2000 from A$134.6 million for 1999.

Liquidity and Capital Resources

Cash flow from operations decreased A$23.0 million in the 12 months ended August 31, 2001 to A$130.9 million compared to the previous year, due primarily to a decline in television advertising revenues in the first quarter of fiscal 2001 and increased tax and interest payments.

Capital expenditures for replacement of capital assets were A$23.1 million for the year ended August 31, 2001 compared to A$20.0 million in the same period last year. As required by its existing broadcast licence, Network TEN converted to digital signal transmission in January 2001. The total capital cost of the conversion is estimated at A$100.0 million, which will be expended over a three-year period, which began in 2000.

During 2001, Network TEN received proceeds of A$91.7 million in connection with certain listed investments referred to above. In December 2000, Network TEN acquired 60% of Eye Corp. for cash of A$189.9 million and, agreed to provide Eye Corp. with a loan of up to A$58.0 million for working capital and general corporate purposes, of which A$30.0 million was advanced at August 31, 2001. In January 2001, Network TEN paid distributions aggregating A$155.0 million.

As of August 31, 2001, Network TEN had cash on hand of A$21.8 million compared to A$38.3 million as of August 31, 2000. Network TEN has a credit facility with a syndicate of banks providing for operating and term credit facilities in the aggregate amount of A$700.0 million. The credit facility is secured by a lien on substantially all of the assets of Network TEN and its subsidiaries.

Outstanding loans under Network TEN's credit facility totaled A$295.0 million on August 31, 2001.

Subsequent to year-end, Network TEN declared a dividend, which results in dividend and interest obligations of A$139.1 million, that will be settled in December 2001.

Network TEN is currently in dispute with the Australian Tax Office ("ATO") regarding the deductibility of debenture interest paid to CanWest. Network TEN has received assessments from the ATO in relation to debenture interest claimed for the years June 30, 1994 to June 30, 2000 inclusive. The ATO has determined that the primary tax payable on the debenture interest paid in that period is A$106.1 million plus interest charges of A$32.6 million. To date, no culpability charges have been assessed. The amount actually due on receipt of the assessments was reduced by other factors, to A$133.4 million. Network TEN has lodged objections in respect of the assessments with the ATO.

Network TEN has agreed with the ATO on payment terms while the matter remains in dispute, and subsequent to August 31, 2001, paid the agreed amount of A$52.0 million, representing 50% of currently due, offset by 50% of the withholding taxes previously paid pursuant to the subordinated debenture interest.

Network TEN has continued to claim deductions on the debenture interest paid since the period covered by the assessments. The total debenture interest paid or payable since inception (including the period covered by the assessments) is A$451.1 million (tax effect A$155.5 million). Withholding tax paid or payable to date pursuant to the subordinated debenture interest since inception is A$42.7 million.

Network TEN remains convinced its current tax treatment is correct, and will vigorously pursue all avenues of appeal.

Should the final determination of this matter not be in favour of Network TEN, Network TEN and the Company's income for the period in which the matter was resolved would be adversely affected, and earnings available for distribution to security holders, including the Company, in that period and subsequent periods would be reduced.

REGULATORY STRUCTURE

Television broadcasting is a regulated industry in each of the countries in which CanWest operates. Depending upon the jurisdiction, among other things, the Company must meet varying requirements in respect of programming and advertising. The broadcasting licences held by the Company are in good standing and CanWest is confident of its ability to continue to satisfy the conditions of licence of its broadcast undertakings. During 2001, the Canadian television licences were renewed for the maximum seven year term.

OUTLOOK

The depth and duration of the recession remain uncertain with most expert opinion optimistic that the recession will be a relatively short and shallow correction. But regardless of the economic uncertainty, the aggressive action the Company has taken to derive financial benefit from integration and convergence has already helped to ameliorate the negative impact of the weak economy.

Moreover, significant cost reductions already achieved should enhance the Company's financial results when economic recovery sets in, hopefully in the second half of 2002.

In the coming year, given the uncertainties of a weaker economy, the Company's top priorities are to seek out additional operating cost reductions, to build on identified new revenue opportunities, and to press ahead on integration initiatives that will enhance the bottom line. Success in those endeavors should also ensure continued progress in the Company's other top priority to reduce the level of corporate indebtedness.

Cost reduction and revenue gains from additional integration benefits in 2002 should at least match, but more likely exceed, the $30 million in annualized benefits achieved in 2001. The new Customer Contact Centre and the Business Services Centre, both located in Winnipeg, will ramp up in the coming year and eventually reduce annual operating costs by $15-25 million when fully operational in fiscal 2003. The Information Technology Group, also to be located in Winnipeg, will consolidate and manage all information technology systems across the company replacing separate existing information technology groups and bringing consistency, efficiency and cost savings to the multitude of distinct systems and technology platforms at CanWest's Canadian media operations.

The industry-wide decline in run of press newspaper advertising lineage in 2001 was at least partially offset by selected increases in newspaper prices and advertising rates. Additionally, the price of newsprint has declined from the peaks of early 2001 and is expected to continue to fall in the coming months. The higher ratings and market shares of Canadian television operations at Global as well as at the international television operations should help to mitigate the impact of any further decline in overall television advertising markets. Adoption of the stronger Global and CH schedules at the Company's new television stations in Vancouver and Victoria should also contribute added revenues in 2002. The September 2001 launch of six new digital specialty channels provides the opportunity to further diversify revenue streams. CanWest's expanded use of no-cost, cross-promotion to sustain higher television ratings and to support added growth in newspaper circulation, together with unique multi-platform solutions for advertisers should contribute to further growth in the CanWest share of total spending on Canadian advertising.

Based on the significant progress already achieved, the Company remains confident that the CanWest multi-platform media convergence strategy is a winning one. The Company's business is to generate news, information, sports and entertainment content to serve the consumer, and to sell advertising around that content to serve the advertiser. No other Canadian media company has the means to offer a better or more comprehensive advertising product. CanWest is not immune to the impact of a North American recession, but the Company remains better equipped than most to cope with market turbulence.

In sum, the Company's Canadian and overseas operations should continue to generate cash flow at a level that is more than sufficient to continue to sustain the ongoing corporate debt reduction plan, and thereby increasing the Company's financial flexibility to take advantage of future growth opportunities when they occur.

Differences Between Canadian GAAP and U.S. GAAP

The preceding discussion and analysis has been based upon financial statements prepared in accordance with Canadian GAAP which differs in certain respects from United States GAAP. The significant differences relevant to the Company are discussed in detail in Note 19 of Notes to the Consolidated Financial Statements for the years ended August 31, 2001 and August 31, 2000.

CANWEST IN THE COMMUNITY

CanWest Global Communications Corp. and its television and newspaper properties in Canada, as well as its overseas operations, continue a longstanding commitment to the communities we serve through cash and in-kind support to charitable events and activities. CanWest's ongoing support has earned it "A Caring Company" designation from the Canadian Centre for Philanthropy's Imagine Program.

As a member of Imagine, CanWest sets aside more than the organization's set minimum of 1% of pre-tax profits for cash donations to non-profit organizations. In fiscal 2001, almost $ 5 million in cash donations were disbursed across Canada by CanWest and its operating units. Above and beyond cash donations, CanWest's Global television stations provide free airtime promotion and the Southam chain of newspapers offer free advertising space to charitable organizations. These donations are valued in excess of $10 million.

The CanWest Global Foundation, led by President Gail Asper, supports charitable activities across Canada, including the arts and the United Way, as well as funding media and communications studies in cities country-wide. The Foundation aim is to support communities where we have operations, focusing on fostering excellence in artistic endeavours and media and newsgathering. Arts organizations and events funded this year include the National Arts Centre and Manitoba Theatre Centre's premiere productions of the musical *Larry's Party,* Royal Winnipeg Ballet, Manitoba Opera, and numerous arts festivals and events. Media studies support initiated this year include a $1 million gift to McMaster University to create the Global Television Network Chair in Communications, $100,000 to the University of Calgary for the Global Television Network Communication Studies Lecture Series, $500,000 toward a visiting professor program at the University of British Columbia School of Journalism, a $100,000 contribution to the University of Lethbridge multimedia production centre, and $150,000 towards bursaries and scholarships for students in Communications at Grant MacEwan College.

CanWest continues to play a leadership role in the education of future journalists with the Broadcaster of the Future Awards. The Company also provides professional development awards such as the Global Television Network/Canadian Women in Communications Management Development for Women Award.

The Company encourages its employees to give generously to their communities by way of United Way employee campaigns, a corporate matching gift program, matching dollar-for-dollar, employee gifts to charitable organizations, and through the CanWest Global Community Spirit Awards, celebrating the volunteer time and financial contributions employees give back to their communities.

Gail Asper, President
CanWest Global Foundation

The accompanying financial statements were prepared by the management of the Company, which is responsible for the integrity and objectivity of the information contained therein. The statements have been prepared by qualified personnel in accordance with policies and procedures established by management. The Company's procedures and related internal control systems are designed to provide assurance that accounting records are reliable to safeguard the Company's assets.

In management's opinion, the consolidated financial statements fairly reflect the financial position of the Company, the results of its operations and cash flow and are prepared in accordance with generally accepted accounting principles.

In addition to the consolidated financial statements, management has prepared unaudited combined financial information which include the accounts of the Company's investment in Network TEN on a proportionately consolidated basis which are supplementary to the consolidated financial statements. Management believes that the unaudited combined financial statements provide additional meaningful information regarding the magnitude and impact of the Company's investment in Network TEN and WIC. PricewaterhouseCoopers LLP, Chartered Accountants' compilation report on the unaudited combined financial information can be found opposite.

PricewaterhouseCoopers LLP, as the Company's external auditors, have audited the consolidated financial statements and their report can be found on page 40. Their opinion is based upon an examination conducted in accordance with generally accepted auditing standards in Canada and the United States and a review of the Company's accounting policies and procedures and internal control systems. Based upon the evaluation of these systems, the external auditors conduct appropriate tests of the Company's accounting records and obtain sufficient audit evidence to provide reasonable assurance that the financial statements are presented fairly, in all material respects, in accordance with generally accepted accounting principles.

The Audit Committee, none of the members of which are officers of the Company, meets at various times throughout the year, and reviews the Company's consolidated financial statements before recommending them to the Board of Directors for approval. It also reviews reports prepared by the external auditors of the Company on the Company's accounting policies and procedures and internal control systems. The Audit Committee recommends the appointment of the Company's external auditors, who are appointed annually by the Company's shareholders.

Thomas C. Strike
Chief Operating Officer
November 14, 2001

COMPILATION REPORT

To the Directors of CanWest Global Communications Corp.

We have reviewed, as to compilation only, the accompanying unaudited combined balance sheets of CanWest Global Communications Corp. as at August 31, 2001 and the unaudited combined statements of earnings, retained earnings and cash flows for the year ended which have been prepared for the inclusion in the Company's annual report. In our opinion, this unaudited combined financial information has been properly compiled to give effect to the proportionate consolidation of the Company's investment in Network TEN Limited, and the assumptions described in Note 1 thereto.

Readers are cautioned that this unaudited combined financial information has been prepared by management as supplementary information to, and not as replacement for, the audited consolidated financial statements.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants
November 14, 2001

COMBINED STATEMENTS OF EARNINGS

For the years ended August 31 (unaudited)

	2001 $000	2000 $000
Revenue	**2,200,753**	1,076,724
Operating expenses	**1,670,972**	784,732
Operating profit before undernoted	**529,781**	291,992
Corporate and development expenses	**14,852**	15,879
Non-recurring expenses	**4,754**	12,566
Operating profit before amortization	**510,175**	263,547
Amortization of intangibles and goodwill	**96,370**	30,847
Amortization of capital assets	**65,477**	20,566
Other amortization	**5,692**	7,518
	342,636	204,616
Financing expenses	**(365,176)**	(55,339)
Investment income and gains	**43,825**	101,213
Dividend income	**2,952**	2,688
	24,237	253,178
Provision for (recovery of) income taxes	**(44,239)**	77,051
Earnings before the following	**68,476**	176,127
Minority interests	**(693)**	2,174
Interest in earnings (loss)of equity accounted affiliates	**(13,950)**	637
Realized translation adjustments	**(7,200)**	(1,300)
Net earnings for the year	**46,633**	177,638
Earnings per share:		
Basic	**$0.27**	$1.17
Fully diluted	**$0.27**	$1.16

The notes constitute an integral part of the combined financial statements.

COMBINED BALANCE SHEETS

As at August 31 (unaudited)

	2001 $000	2000 $000
ASSETS		
Current Assets		
Cash and short term investments	29,718	94,981
Accounts receivable	524,135	282,257
Income taxes recoverable	3,045	–
Inventory	30,817	–
Investment in film and television program rights	139,487	83,062
Future income taxes	33,243	20,433
Other	21,378	6,285
	781,823	487,018
Other investments	425,484	426,948
Investment in film and television program rights	355,994	251,114
Property and equipment	742,997	208,510
Other assets	133,203	106,673
Intangibles and goodwill	4,161,087	1,602,083
	6,600,588	3,082,346
LIABILITIES		
Current Liabilities		
Bank loans and advances	28,999	16,255
Accounts payable and accrued liabilities	505,439	279,045
Income taxes payable	–	66,181
Film and program accounts payable	45,084	34,109
Deferred revenue	75,970	41,022
Current portion of long term debt	129,794	–
	785,286	436,612
Long term debt	3,935,624	1,196,915
Film and program accounts payable	3,581	22,260
Other accrued liabilities	86,715	92,571
Future income taxes	449,341	452,139
Minority interests	34,046	21,722
	5,294,593	2,222,219
SHAREHOLDERS' EQUITY		
Capital stock	896,312	420,260
Contributed surplus	3,647	3,647
Retained earnings	475,053	523,948
Cumulative foreign currency translation adjustments	(69,017)	(87,728)
	1,305,995	860,127
	6,600,588	3,082,346

The notes constitute an integral part of the combined financial statements.

COMBINED STATEMENTS OF RETAINED EARNINGS

For the years ended August 31 (unaudited)

	2001 **$000**	2000 $000
Retained earnings – beginning of year as previously reported	**529,112**	412,833
Adjustment for adoption of new income tax accounting pronouncement	**(5,164)**	(20,122)
Retained earnings – beginning of year, as restated	**523,948**	392,711
Net earnings for the year	**46,633**	177,638
Dividends		
Cash	**(49,003)**	(44,933)
Stock	**(46,525)**	–
Excess of redemption amount over stated amount of shares redeemed	**–**	(1,468)
Retained earnings – end of year	**475,053**	523,948

The notes constitute an integral part of the combined financial statements.

COMBINED STATEMENTS OF CASH FLOWS

For the years ended August 31 (unaudited)

	2001 $000	2000 $000
CASH GENERATED (UTILIZED) BY:		
Operating Activities		
Net earnings for the year	46,633	177,638
Items not affecting cash		
Amortization	178,554	62,211
Paid in kind interest	75,947	–
Future income taxes	(86,167)	(27,684)
Interest in earnings of equity accounted affiliates	13,950	(637)
Minority interests	693	(2,174)
Write-off of deferred financing fees	17,900	–
Write-down of program inventory	–	12,566
Net gain on sale/write down of investments	(44,116)	(101,787)
Realized translation adjustments	7,200	1,300
	210,594	121,433
Changes in non-cash operating accounts	(106,008)	(3,877)
	104,586	117,556
Investing Activities		
Acquisitions	(2,096,977)	(627,500)
Other investments	–	(122,590)
Proceeds from sale of other investments	114,036	224,782
Proceeds from divestitures	32,454	–
Investment in film and programming rights	(109,808)	(102,613)
Purchase of broadcast facilities and licences	(1,733)	(6,389)
Purchase of property and equipment	(60,311)	(12,622)
	(2,122,339)	(646,932)
Financing Activities		
Dividends paid	(49,003)	(44,933)
Issuance of long term debt	1,984,737	638,074
Issuance of share capital	4,012	2,709
Net change in bank loans and advances	12,744	(17,493)
	1,952,490	578,357
Net change in cash	(65,263)	48,981
Cash and cash equivalents – beginning of year	94,981	46,000
Cash and cash equivalents – end of year	29,718	94,981
Cash flow per share		
Basic	$1.23	$$0.80
Fully diluted	$1.22	$$0.79

The notes constitute an integral part of the combined financial statements.

For the years ended August 31 (unaudited)

1. BASIS OF PRESENTATION

This combined financial information is presented for purposes of additional analysis of the consolidated financial statements of CanWest Global Communications Corp. rather than to present the financial position, results of operations and cash flows of the Company and is not intended to be a presentation in conformity with Canadian generally accepted accounting principles. The Company presents this combined financial information to provide a more complete portrayal of the scope of the Company's operations. This combined financial information includes, on a proportionate consolidation basis, the financial condition, results of operations and cash flows of Network TEN, and includes the Company's pro rata share of each of the assets, liabilities, revenues, expenses and cash flows on a line-by-line basis. In the Company's consolidated financial statements prepared in accordance with Canadian generally accepted accounting principles, the Company's investment in Network TEN is accounted for using the equity method and reported as a single line on the balance sheet and the Company's pro rata share of the net earnings of Network TEN is included as a single line in the income statement. In addition, for the year ended August 31, 2000, this combined financial information includes the results of operations of the WIC regulated properties for the period from the acquisition of WIC (April 1, 2000) to the date of regulatory approval of the acquisition (July 6, 2000). In the Company's consolidated financial statements, these results were accounted for using the equity method and reported as a single line on the income statement. This combined financial information should be read in conjunction with the consolidated financial statement of the Company. Readers are cautioned that this combined financial information may not be appropriate for their purposes.

2. SEGMENTED INFORMATION

The Company operates primarily within the publishing, broadcasting and entertainment industries in Canada, Australia, New Zealand and Ireland. Segmented information in Canadian dollars is as follows:

	Online and Publishing	Broadcasting				Entertainment	Corporate and Other	Combined
	Canada $000	Canada $000	Australia $000	New Zealand $000	Ireland $000	Canada $000	$000	$000
Revenue								
2001	**919,923**	**701,027**	**255,978**	**115,300**	**31,056**	**177,469**	**–**	**2,200,753**
2000	–	549,872	284,900	102,964	27,409	111,579	–	1,076,724
Operating Profit (Loss) Before Amortization								
2001	**207,804**	**226,458**	**69,104**	**5,362**	**2,748**	**13,551**	**(14,852)**	**510,175**
2000	–	183,486	101,922	(4,730)	(8,673)	7,420	(15,878)	263,547
Total Assets								
2001	**3,261,423**	**1,820,356**	**420,895**	**274,779**	**21,950**	**518,168**	**283,017**	**6,600,588**
2000	–	1,716,620	286,741	251,008	41,865	382,221	403,891	3,082,346

AUDITOR'S REPORT

To the Shareholders of CanWest Global Communications Corp.

We have audited the consolidated balance sheets of CanWest Global Communications Corp. as at August 31, 2001 and August 31, 2000 and the consolidated statements of earnings, retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian and United States generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at August 31, 2001 and August 31, 2000 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants
November 14, 2001

CONSOLIDATED STATEMENTS OF EARNINGS

For the years ended August 31

	2001 $000	2000 $000
Revenue	**1,944,775**	731,848
Operating expenses	**1,118,356**	465,818
Selling general and administrative expenses	**382,312**	108,921
Non-recurring expenses and write-down of program inventory	**3,036**	12,566
Operating profit before amortization	**441,071**	144,543
Amortization of intangibles and goodwill	**90,159**	20,917
Amortization of capital assets	**60,565**	16,418
Other amortization	**5,240**	6,937
	285,107	100,271
Financing expenses	**(356,755)**	(53,764)
Investment income and gains	**28,630**	101,213
Dividend income	**2,952**	2,688
	(40,066)	150,408
Provision for (recovery of) income taxes	**(59,019)**	48,124
Earnings before the following	**18,953**	102,284
Minority interests	**(3,196)**	2,174
Interest in earnings of Network TEN	**52,567**	72,194
Interest in earnings (loss) of other equity accounted affiliates	**(14,491)**	2,286
Realized translation adjustments	**(7,200)**	(1,300)
Net earnings for the year	**46,633**	177,638
Net earnings per share		
Basic	**$0.27**	$1.17
Diluted	**$0.27**	$1.16

The notes constitute an integral part of the consolidated financial statements.

CONSOLIDATED BALANCE SHEETS

As at August 31

	2001 $000	2000 $000
ASSETS		
Current Assets		
Cash and short term investments	**19,489**	76,298
Accounts receivable	**475,618**	237,845
Inventory	**30,817**	–
Investment in film and television program rights	**96,385**	48,949
Future income taxes	**33,243**	20,433
Other	**17,840**	4,508
	673,392	388,033
Investment in Network TEN	**107,210**	133,947
Other investments	**415,413**	398,171
Investment in film and television program rights	**355,994**	251,114
Property and equipment	**687,811**	185,224
Other assets	**130,966**	101,284
Intangibles and goodwill	**3,928,434**	1,484,838
	6,299,220	2,942,611
LIABILITIES		
Current Liabilities		
Bank loans and advances	**28,999**	16,255
Accounts payable and accrued liabilities	**400,433**	195,302
Income taxes payable	**1,175**	42,759
Film and program accounts payable	**45,084**	18,030
Deferred revenue	**75,970**	41,022
Current portion of long term debt	**116,500**	–
	668,161	313,368
Long term debt	**3,795,262**	1,172,532
Film and program accounts payable	**3,581**	22,260
Other accrued liabilities	**85,228**	92,571
Future income taxes	**440,992**	460,031
Minority interests	**–**	21,722
	4,993,224	2,082,484
SHAREHOLDERS' EQUITY		
Capital stock	**896,313**	420,260
Contributed surplus	**3,647**	3,647
Retained earnings	**475,053**	523,948
Cumulative foreign currency translation adjustments	**(69,017)**	(87,728)
	1,305,996	860,127
	6,299,220	2,942,611

Signed on behalf of the board

Director

Director

The notes constitute an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

For the years ended August 31

	2001 $000	2000 $000
Retained earnings – beginning of year, as previously reported	**529,112**	412,833
Adjustment for adoption of new income tax accounting pronouncement	**(5,164)**	(20,122)
Retained earnings – beginning of year, as restated	**523,948**	392,711
Net earnings for the year	**46,633**	177,638
Dividends		
Cash	**(49,003)**	(44,933)
Stock	**(46,525)**	–
Excess of redemption amount over stated amount of shares redeemed	**–**	(1,468)
Retained earnings – end of year	**475,053**	523,948

The notes constitute an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended August 31

	2001 $000	2000 $000
CASH GENERATED (UTILIZED) BY:		
Operating activities		
Net earnings for the year	**46,633**	177,638
Items not affecting cash		
Amortization	**166,979**	47,552
Interest paid in kind	**75,947**	–
Future income taxes	**(97,281)**	(23,831)
Interest in earnings of Network TEN	**(52,567)**	(72,194)
Interest in loss (earnings) of other equity accounted affiliates	**14,491**	(2,286)
Minority interests	**3,196**	(2,174)
Realized translation adjustments	**7,200**	1,300
Gain on sale of investments, net of write-down	**(28,630)**	(101,787)
Write-off of deferred financing fees	**17,900**	–
Write-down of program inventory	**–**	12,566
Distributions from Network TEN	**71,096**	75,259
	224,964	112,043
Changes in non-cash operating accounts	**(51,406)**	18,878
	173,558	130,921
Investing activities		
Acquisitions	**(2,007,291)**	(627,500)
Other investments	**–**	(118,152)
Proceeds from sale of other investments	**65,596**	224,782
Proceeds from divestitures	**32,454**	–
Investment in film and television programs	**(109,808)**	(102,613)
Purchase of broadcast facilities and licences	**(1,733)**	(6,389)
Purchase of property and equipment	**(49,641)**	(9,958)
	(2,070,423)	(639,830)
Financing activities		
Dividends paid	**(49,003)**	(44,933)
Issuance of long term debt	**1,872,303**	610,776
Issuance of share capital	**4,012**	2,709
Net change in bank loans and advances	**12,744**	(17,493)
	1,840,056	551,059
Net change in cash	**(56,809)**	42,150
Cash and cash equivalents – beginning of year	**76,298**	34,148
Cash and cash equivalents – end of year	**19,489**	76,298
Cash flow per share		
Basic	**$1.31**	$0.74
Diluted	**$1.31**	$0.73

The notes constitute an integral part of the consolidated financial statements.

For the years ended August 31, 2001 and 2000

1. SIGNIFICANT ACCOUNTING POLICIES

The Company is an international media company with interests in broadcast television, publishing, radio, specialty cable channels, production and distribution of film and television programming and internet websites in Canada, Australia, New Zealand, Ireland and Northern Ireland. The Company's operating segments include television and radio broadcasting, entertainment, and publishing and online operations. In Canada, the television broadcasting segment includes the operation of the Global Television Network, Global Prime Cable Network, and various other conventional and specialty channels. Canadian publishing and online operations include the publication of a number of newspapers including metropolitan daily newspapers and a 50% interest in the National Post as well as operation of the canada.com web portal, and other web based operations. The entertainment segment includes the operation of CanWest Entertainment, a film production and distribution company. New Zealand television broadcasting includes the operations of the TV3 and TV4 Television Networks. The New Zealand radio broadcasting segment includes the More FM Radio and RadioWorks Networks. Irish television broadcasting includes the Company's 45% interest in the Republic of Ireland's TV3 Television Network. The Corporate and other segment includes the Company's 57.5% economic interest in The TEN Group Pty Limited, which owns and operates Australia's TEN Television Network ("Network TEN") and various portfolio investments in media operations, including a 29.9% equity interest in Northern Ireland's Ulster Television plc ("UTV").

The Company's broadcast customer base is comprised primarily of large advertising companies who place advertisements with the Company on behalf of their customers. Publishing revenues, which include advertising, circulation and subscriptions are derived from a variety of sources.

A summary of significant accounting policies followed in the preparation of these consolidated financial statements is as follows:

BASIS OF PRESENTATION

These consolidated financial statements are prepared in accordance with accounting principles generally accepted in Canada. All amounts are expressed in Canadian dollars unless otherwise noted. A reconciliation to accounting principles generally accepted in the United States is provided in note 19.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of the Company and its subsidiaries, and the Company's pro rata 45% share of the assets, liabilities, and results of operations of TV3 Ireland from March 28, 2001, the date when it ceased to be a subsidiary and became a jointly controlled enterprise.

INVESTMENTS

The Company accounts for its investment in Network TEN, The National Post Company, ROBTv (to the date of its sale) and CF Television using the equity method. The Company's accounting for its investment in WIC Western International Communications Ltd. ("WIC") is described in note 2. Other investments are recorded at cost.

INVESTMENT IN FILM AND TELEVISION PROGRAM RIGHTS

a) Broadcast rights

The Company has entered into various agreements for the rights to broadcast certain feature films and television programs. The Company records a liability for film and program rights and the corresponding asset when films and programs are available for telecast. Broadcast rights are charged to operations as programs are telecast over the anticipated period of use. Broadcast rights are carried at the lower of unamortized cost and net recoverable value based on undiscounted future cash flows.

b) Film and television programs

Investment in film and television programs represents the unamortized costs of film and television programs that have been produced by the Company or for which the Company has acquired distribution rights. Included in investment in film and television programs are film and television programs in progress and in development, and acquired film and television program libraries. Costs of completed film and television programs include all production and exploitation costs and capitalized interest, which are expected to be recovered from future revenue. Film and television programs in progress represent the accumulated costs of productions that have not yet been completed by the Company.

Costs of film and television programs in development represent expenditures made on projects prior to production, including investments in scripts. Advances or contributions received from third parties to assist in development are deducted from these costs. Upon commencement of production, development costs are reclassified to investment in film and television programs. Development costs are written off at the earlier of when determined not to be recoverable and three years following the year incurred.

Amortization of investment in completed films and television programs is determined based on the ratio that current revenue earned from the film and television programs bears to expected gross future revenue for periods not exceeding ten years from the date of delivery. The cost of acquired libraries is amortized over the acquired titles' economic lives not exceeding twenty years from the date of acquisition. Revenue estimates are reviewed periodically by management and are revised, if warranted, based on management's appraisal of current market conditions.

Where the carrying amount of investment in film and television programs exceeds the estimated net recoverable amount, the investment is written down to the net recoverable amount. Net recoverable amount is defined as the total undiscounted future revenue expected to be earned from the film and television programs, net of future costs.

FOREIGN CURRENCY TRANSLATION

The Company's operations in Australia, New Zealand and Ireland represent self-sustaining foreign operations, and the respective accounts have been translated into Canadian dollars in accordance with the current rate method. Assets and liabilities are translated at the exchange rates prevailing at the balance sheet dates, and revenue and expenses are translated on the basis of average exchange rates during the periods. Any gains or losses arising from the translation of these accounts are deferred and included as a component of shareholders' equity as cumulative foreign currency translation adjustments. An applicable portion of these deferred gains and losses is included in the determination of net earnings when there is a reduction of the net investment.

PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost. Amortization is

provided over the assets' estimated useful lives on a straight-line basis at the following annual rates:

Buildings	2 $^1/_2$%	-	5%
Machinery and equipment	4%	-	33 $^1/_3$%
Leasehold and land improvements	2 $^1/_2$%	-	20%

INTANGIBLES AND GOODWILL

Intangibles include circulation, broadcast licences and goodwill. Amortization is provided on a straight-line basis over 40 years. On a regular basis, the Company reviews the carrying value of its intangibles and goodwill to determine if there has been an impairment in value. The measurement of possible impairment is based primarily on the ability to recover the balances from expected future operating cash flows on an undiscounted basis.

PRE-OPERATING COSTS

Pre-operating costs incurred in new business undertakings are deferred prior to the commencement of commercial operations, which is generally the time at which subscriber revenues commence. Pre-operating costs are amortized over a period of five years.

REVENUE RECOGNITION

Revenue derived from broadcasting activities consists primarily of the sale of airtime which is recognized at the time commercials are broadcast. Circulation and advertising revenue from publishing activities is recognized in income when the newspaper is delivered. Subscription revenue is recognized as earned on a straight-line basis over the term of the subscription.

Revenue derived from the sale of film and program distribution rights and equity in productions is recognized as earned when the film or television program is complete, amounts are due from the exhibitor or a contract is executed that irrevocably transfers distribution rights to a licensee or equity to an investor, the licence period has begun and there is reasonable assurance of collectibility of proceeds.

Amounts received and not yet recognized as revenue are included in deferred revenue.

INCOME TAXES

The asset and liability method is used to account for income taxes. Under this method, future income tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amount and the tax bases of assets and liabilities. Future income tax assets and liabilities are measured using substantively enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. The effect on future income tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Future income tax assets are recognized to the extent that realization is considered more likely than not.

Income taxes on unremitted earnings of Network TEN are provided at rates applicable to distributions. Income taxes on unremitted earnings of the other foreign operations are not provided as such earnings are expected to be indefinitely reinvested.

INVENTORY

Inventory, primary printing material, is valued at the lower of cost and net realizable values.

PENSION PLANS AND POST RETIREMENT BENEFITS

The Company maintains a number of defined benefit and defined contribution pension plans. For the defined benefit plans the pension expense is determined using the projected benefit method pro rated based on service. For the defined contribution plans the pension expense is the Company's contribution to the plan. The Company also maintains a post retirement benefit plan for certain of its employees, the cost of which is expensed as earned by the employees.

CASH AND CASH EQUIVALENTS

For the purpose of the statements of cash flows, cash includes cash and short-term investments with maturities at the date of purchase of up to three months.

PER SHARE CALCULATIONS

Basic earnings and cash flow per share are calculated using the daily weighted average number of shares outstanding. Cash flow is defined as cash flow from operations excluding changes in non-cash operating accounts.

Diluted earnings and cash flow per share are calculated using the daily weighted average number of shares that would have been outstanding during the year had all dilutive potential common shares been issued at the beginning of the year, or when the underlying options or convertible securities were granted or issued, if later. The treasury stock method is employed to determine the incremental number of shares that would have been outstanding had the Company used proceeds from the exercise of options to acquire shares.

During the year, the Company adopted the recommendations of the CICA Handbook Section 3500, Earnings Per Share, which changed the method of calculation for earnings per share. The new standard requires presentation of basic and diluted earnings per share. The prior year's financial statements were restated to reflect the change resulting in no change to basic or diluted earnings per share.

STOCK-BASED COMPENSATION PLANS

The Company has share based compensation plans as described in note 9. No compensation expense is recognized for these plans when the options are issued. Any consideration paid by employees on exercise of stock options is credited to share capital.

FINANCIAL INSTRUMENTS

The Company uses various financial instruments to reduce its exposure to fluctuations in interest rates and U.S. currency exchange rates. The Company does not hold or issue any derivative financial instruments for speculative trading purposes. The interest differential to be paid or received under interest rate swap agreements is recognized as an adjustment to interest expense. The Company translates its U.S. denominated debt that is hedged by cross currency swaps at the rate implicit in the swap agreement.

USE OF ESTIMATES

The preparation of financial statements in accordance with generally accepted accounting principles requires the Company to make estimates and assumptions that affect reported amounts of assets, liabilities, revenue and expenses, and disclosure of contingencies. Future events could alter such estimates in the near term.

The Company operates in highly competitive markets. The Company has estimated the useful lives of intangible assets, based on historical customer patterns, industry trends and existing competitive factors. Significant long-term changes in these factors could result in a material impairment of intangible assets.

In addition, management estimates future revenue for amortization and impairment assessments of investments in film and television programs. Actual revenues could differ from these estimates.

CHANGES IN ACCOUNTING POLICIES

a) Income taxes

On September 1, 2000 the Company adopted the recommendations of the Canadian Institute of Chartered Accountants (CICA) Handbook Section 3465, Income Taxes, which replaced the deferral method with the asset and liability method of tax allocation. The Company has applied the change retroactively, restating prior years.

The cumulative effect of the change was to reduce opening retained earnings at September 1, 2000 by $5.2 million (1999 - $20.1 million), decrease the Investment in Network TEN by $7.9 million (1999 - $7.9 million), increase goodwill by $417.5 million (1999 - $174.0 million), and increase future income tax liabilities by $414.8 million (1999 - $186.2 million). Net earnings for the year ended August 31, 2000 were increased by $14.9 million, and net earnings per share were increased by $0.10.

b) Employee future benefits

On September 1, 2000, the Company adopted the recommendations of the CICA Handbook Section 3461, Employee Future Benefits, which changed the accounting for pension and other employee future benefit costs. The new standard required that the cost of employee future benefits be recognized in the period in which the employee has provided the service which gives rise to the benefit. The standard also required a change in the discount rate used to value liabilities and service costs from an estimated long-term rate to a market based interest rate. The Company has applied the new recommendations prospectively.

NEW ACCOUNTING STANDARDS

a) Business combinations and intangibles and goodwill

In July 2001, the Accounting Standards Board of the Canadian Institute of Chartered Accountants issued CICA Handbook Section 1581, Business Combinations and CICA Handbook Section 3062, Goodwill and Other Intangibles.

Under the new Section 1581, all business combinations initiated after June 30, 2001, must be accounted for as a purchase. In addition, the standards require classification of carrying amounts of goodwill and other intangibles related to purchase business combinations in accordance with the new definitions of intangibles. In addition, the standard requires intangibles assets to be recognized separately from goodwill if an asset arises from contractual or other legal rights, or is separable. These provisions are applicable to business combinations consummated after June 30, 2001 and for any recognized intangibles acquired in a business combination prior to July 1, 2001 when Section 3062 is first applied. This section will be applied prospectively.

Under the new Section 3062, goodwill and other intangibles with indefinite lives will not be amortized, however, will be subject to annual impairment tests based on fair values. Other intangible assets with finite useful lives will continue to be amortized, with no ceiling on the useful lives. Section 3062 is effective for years beginning on or after January 1, 2002, under certain circumstances early adoption is permitted. The Company will apply the new standard for its fiscal year beginning on September 1, 2001. The Company expects the standard to have a material effect on the Company as intangibles with indefinite lives and goodwill will no longer be subject to amortization. The Company has not completed the determination of the impact of the new standards.

b) Film and television programs

In June 2000, the Accounting Standards Executive Committee of the American Institute of Certified Public Accountants issued Statement of Position 00-2, "Accounting by Producers or Distributors of Films" (SOP 00-2). SOP 00-2 establishes new accounting standards for producers or distributors of films, including changes in revenue recognition, capitalization and amortization of costs and accounting for exploitation costs, including advertising and marketing expenses. Among the changes specified by SOP 00-2 is the requirement that capitalization of production costs for episodic television series be limited to contracted revenue on an episode by episode basis unless specific criteria for recognizing secondary markets revenues are met.

SOP 00-2 is effective for the year beginning September 1, 2001 and will be applied for both Canadian and U.S. generally accepted accounting purposes. The Company has not yet quantified the impact of adopting SOP 00-2.

c) Foreign Currency Translation and Hedging Relationships

In November 2001, the Accounting Standards Board of the Canadian Institute of Chartered Accountants approved amendments to CICA Handbook Section 1650, Foreign Currency Translation and a new accounting Guideline, Hedging Relationships. The amendments to Section 1650, applicable for the Company in Fiscal 2003 with retroactive application, eliminate the deferral and amortization method for unrealized translation gains and losses on non current monetary assets and liabilities and require the disclosure of exchange gains and losses included in net income. The Guideline, applicable for the Company in fiscal 2003, deals with the identification, documentation and designation and effectiveness of hedges. The impact of implementing these changes has not been determined.

d) Stock-based compensation

Under Section 3870, stock-based payments to non-employees and direct awards of stock to employees and non-employees will be accounted for using a fair value method of accounting. The standard provides for the recognition of compensation expense based on fair values or a disclosure only basis of accounting. The standard is effective for years beginning on or after January 1, 2002. The Company will apply this standard in fiscal 2003 and has not yet determined the impact.

2. ACQUISITIONS AND DIVESTITURES

ACQUISITIONS

a) In April, 2001, through an amalgamation of CanWest Broadcasting Ltd. ("CBL"), the 30% minority interest in CBL was exchanged for 21,783 series 2 preference shares of the Company, rendering CBL a wholly owned subsidiary. The redemption and conversion value of the shares is based on valuations which have not been finally determined and have been estimated at $50,000,000.

b) In August 2000, the Company acquired substantially all of the distribution assets of an independent film and television distribution company, Endemol International Distribution for $109,681,000.

c) In May 2000, the Company acquired a 72% interest in RadioWorks, a network of commercial radio stations in New Zealand for $52,092,000. In January 2001, the Company acquired the shares of RadioWorks that it did not already own. The cost to acquire this 28% interest was $21,770,000.

d) On November 16, 2000, the Company acquired substantially all of the Canadian newspaper and other Canadian media assets ("Southam Publications") of Hollinger International Inc. and certain of its affiliates ("Hollinger") for consideration of approximately $3.1 billion, including certain costs related to the acquisition.

The purchase price is subject to adjustment based on the working capital of Southam Publications at August 31, 2000 and the results of its operations from September 1, 2000 to November 16, 2000.

The amount of such adjustment has not been finally determined.

The Company partially financed the acquisition and refinanced certain existing credit facilities by entering into a new senior secured credit facility, of which the Company had drawn approximately $2.5 billion at closing. In addition, the Company issued US$425.0 million and $60.7 million in senior subordinated notes, and approximately $767.0 million in subordinated notes payable to Hollinger, see note 8(7). The Company also issued 2.7 million series 1 preferred shares and 24.3 million non-voting shares to Hollinger.

The results of operations of Southam Publications have been reported on a consolidated basis effective November 16, 2000. The Company's 50% interest in The National Post Company is accounted on an equity basis.

e) During 1998, the Company increased its investment in WIC to an approximate 44% aggregate shareholding in WIC, at an aggregate cash cost of $381,775,000.

In November 1999, the Company reached an agreement with the other significant WIC shareholders as to a division of WIC's assets. Under the terms of this agreement, effective March 31, 2000, the Company acquired all of the shares in WIC that it did not hold. On this same date, the other significant shareholders of WIC acquired all of WIC's radio, certain pay and specialty television undertakings, satellite television interests and other related assets. The net cash consideration paid and debt assumed as a result of the agreement amounted to $465,727,000.

As a result of the agreement, the Company owns WIC and its conventional television and television-related entertainment assets. The shares of WIC's regulated companies were placed in a voting trust arrangement pending completion of the regulatory approval process. Under the terms of the trust agreement, the Company was not in a position to exercise control over these companies, and accordingly, equity accounted for its investment during the period from April 1, 2000 to July 5, 2000. On July 6, 2000, the Company received approval for the acquisition from the Canadian Radio-television and Telecommunications Commission ("CRTC"). The Company commenced to consolidate the WIC regulated properties effective July 6, 2000.

As a condition to the CRTC's approval of the acquisition, the Company was required to dispose of its interests in certain television operations in Montreal and Vancouver, see note 17(a) and (b).

In 2001, the Company restated the August 31, 2000 allocation of the purchase price related to the acquisition of WIC. This resulted in the restatement of the following balances: goodwill decreased by $27,762,000, investment in film and television program rights decreased by $8,441,000, other investments increased by $37,416,000, other accrued liabilities increased by $18,335,000 and future income tax liability decreased by $17,122,000.

The Company accounted for these acquisitions using the purchase method. As such, the results of operations reflect the revenues and expenses of the acquired operations since the dates of acquisition. A summary of the fair value of the net assets acquired is as follows:

August 31, 2001

	$000			
	Southam Publications	RadioWorks	CBL	**Total**
Current assets	324,382	–	–	324,382
Property and equipment	517,053	–	–	517,053
Other investments	101,561	–	–	101,561
Circulation	217,000	–	–	217,000
Other assets	67,412	–	–	67,412
Intangibles and goodwill	2,264,919	16,928	25,466	2,307,313
	3,492,327	16,928	25,466	3,534,721
Other current liabilities	(294,856)	–	–	(294,856)
Other accrued liabilities	(10,000)	–	–	(10,000)
Future income taxes	(59,587)	–	–	(59,587)
Minority interests [1]	–	4,842	24,534	29,376
	(364,443)	4,842	24,534	(335,067)
	3,127,884	21,770	50,000	3,199,654
Consideration:				
Cash	1,985,521	21,770	–	2,007,291
Shares	375,516	–	50,000	425,516
Junior subordinated notes	766,847	–	–	766,847
	3,127,884	21,770	50,000	3,199,654

[1] The allocation of consideration to minority interests represents the extinguishment of these interests.

The allocation of the purchase price related to the acquisition of Southam Publications is preliminary and will be refined as additional information is obtained about restructuring plans and asset valuations, particularly relating to intangibles. Such adjustments are expected to be finalized in the first quarter of 2002.

August 31, 2000

	$000			
	Endemol	RadioWorks	WIC	Total
Cash	–	959	–	959
Other current assets	20,229	5,285	66,512	92,026
Investments	–	–	117,020	117,020
Film and program rights	93,463	–	27,291	120,754
Property, plant and equipment	32	9,119	82,184	91,335
Other assets	215	–	25,299	25,514
Broadcast licences	–	54,593	362,990	417,583
Goodwill	–	18,016	640,926	658,942
Total assets	113,939	87,972	1,322,222	1,524,133
Bank loans and advances	–	–	(19,937)	(19,937)
Other current liabilities	(4,258)	(7,602)	(62,466)	(74,326)
Film and program accounts payable	–	–	(49,426)	(49,426)
Long term liabilities	–	(24,395)	(113,678)	(138,073)
Future income tax liabilities	–	–	(215,849)	(215,849)
Minority interest	–	(3,883)	–	(3,883)
Total liabilities	(4,258)	(35,880)	(461,356)	(501,494)
	109,681	52,092	860,866	1,022,639
Consideration:				
Cash	109,681	52,092	465,727	627,500
Carrying value of WIC investment at date of acquisition	–	–	395,139	395,139
	109,681	52,092	860,866	1,022,639

PRO FORMA FINANCIAL INFORMATION

The following information gives effect to the acquisitions of WIC, the Southam Publications and RadioWorks as if they had occurred at the beginning of the respective years:

	2001 $000	2000 $000
Revenue	2,216,296	2,179,704
Operating profit	525,113	508,263

DIVESTITURES

(a) On August 31, 2001, the Company sold its 50% interest in ROBTv for $30.0 million. There was no gain or loss arising from this sale.

(b) On March 28, 2001, the Company restructured its controlling interest in TV3 Ireland. Through a series of transactions, which included: (i) the repayment by TV3 Ireland of loans made by the Company and another minority investor, (ii) the exercise of certain call options by the Company, and (iii) the acquisition by Granada Media plc of a 45% interest in TV3 Ireland from the Company and another minority investor. The Company received cash, net of the call price and including repayment of loans made to TV3 Ireland, of $32.5 million and recorded a gain on disposition of $30.7 million. The Company and Granada Media plc have also entered into a joint venture agreement to jointly control TV3 Ireland. As a result, effective March 28, 2001, the Company began to proportionately consolidate its 45% interest in TV3 Ireland.

3. INVESTMENT IN NETWORK TEN

The Company owns 15% of the issued ordinary shares and all of the convertible debentures and subordinated debentures of Network TEN, an Australian television broadcast network. The subordinated debentures have an aggregate principal amount of AUS$45.5 million and pay interest based on distributions to holders of ordinary shares. The convertible debentures have an aggregate principal amount of AUS$45,500 and pay a market linked rate of interest. The combination of ordinary shares and subordinated debentures yield distributions equivalent to approximately 57.5% of all distributions paid by Network TEN. The convertible debentures are convertible, upon payment of an aggregate of AUS$45.5 million, into a number of ordinary shares which would represent 50% of the issued and outstanding shares at the time of conversion.

As a result of its contractual right to representation on Network TEN's board of directors and other factors, the Company accounts for its interest in Network TEN on the equity basis. The Company has appointed three of the thirteen members of the board of directors of Network TEN.

The following selected consolidated financial information of Network TEN has been prepared in accordance with accounting principles generally accepted in Canada. The accounts have been translated to Canadian dollars using the current rate method.

SUMMARY CONSOLIDATED BALANCE SHEETS

	2001 $000	2000 $000
Assets		
Current assets	**192,460**	172,141
Other assets	**7,893**	23,101
Property and equipment	**61,967**	40,498
Long term investments	**17,516**	50,046
Broadcast licences	**461,336**	226,617
	741,172	512,403
Liabilities and Shareholders' Equity		
Current liabilities	**194,813**	193,575
Other long term liabilities	**251,390**	42,405
Subordinated debentures issued to the Company	**40,154**	40,154
Shareholders' equity	**254,815**	236,269
	741,172	512,403

OTHER CONSOLIDATED FINANCIAL DATA

	2001 $000	2000 $000
Cash flow from operations	**105,000**	139,000
Distributions paid	**130,000**	138,000
Capital expenditures	**18,600**	14,300

SUMMARY CONSOLIDATED STATEMENTS OF EARNINGS

	2001 $000	2000 $000
Revenue	**445,179**	495,479
Operating expenses	**324,999**	318,223
Operating profit before amortization	**120,180**	177,256
Amortization of intangibles	**10,802**	7,348
Other amortization	**9,329**	4,832
	100,049	165,076
Investment income	**26,427**	–
Financing expenses	**(71,343)**	(76,391)
	55,133	88,685
Provision for income taxes	**19,328**	30,521
Earnings before the following	**35,805**	58,164
Minority interests	**4,354**	–
Interest in earnings of equity accounted affiliates	**940**	1,284
Net earnings for the year	**41,099**	59,448
Interest in respect of subordinated debentures held by the Company	**56,697**	74,519
Earnings for the period before interest in respect of subordinated debentures [1]	**97,796**	133,967

[1] The Company's economic interest in Network TEN's earnings is $52,567,000 (2000 – $72,194,000).

At August 31, 2001, the Company's share of undistributed earnings of Network TEN was approximately $169,000,000 (2000 – $127,000,000). The market value of the Company's investment in Network TEN based on quoted market rates for Ten Network Holdings Limited at August 31, 2001 was approximately $994,175,000 (2000 – $1,167,000,000).

Network TEN is currently in dispute with the Australian Tax Office ("ATO") regarding the deductibility of debenture interest paid to the Company. Network TEN has received assessments from the ATO in relation to debenture interest claimed for the years June 30, 1994 to June 30, 2000 inclusive. The ATO has determined that the primary tax payable on the debenture interest paid during that period is A$106.1 million plus interest charges of A$32.6 million. To date no culpability charges have been assessed. The amount due on receipt of the assessments was reduced by other factors, to A$133.4 million. Network TEN has lodged objections in respect of the assessments with the ATO.

Network TEN has agreed with the ATO on payment terms while the matter remains in dispute, and subsequent to August 31, 2001, paid an agreed amount of A$52.0 million, representing 50% of the amount currently due, offset by 50% of the withholding taxes previously paid pursuant to the subordinated debenture interest.

Network TEN has continued to claim deductions on the debenture interest paid since the period covered by the assessments. The total debenture interest paid or payable since inception (including the period covered by the assessments) is A$451.1 million (tax effect A$155.5 million). Withholding tax paid or payable to date pursuant to the subordinated debenture interest since inception is A$42.7 million.

Should this matter be resolved not in favor of Network TEN, Network TEN's and the Company's income for the period in which the matter was resolved would be adversely affected, and earnings available for distribution to security holders would be reduced.

Network TEN remains convinced its current tax treatment is correct, and will vigorously pursue all avenues of appeal.

4. OTHER INVESTMENTS

	2001 $000		2000 $000	
	Cost	**Market Value [1]**	**Cost**	**Market Value [1]**
Investments in publicly traded companies, at cost				
Ulster Television plc [2]	**92,006**	**95,109**	92,006	112,466
Alliance Atlantis Communications Inc.	**–**	**–**	24,466	26,014
Other companies	**118,741**	**73,781**	136,038	152,579
	210,747	**168,890**	252,510	291,059
Investments in private companies , at cost				
Internet Broadcasting Systems Inc.	**24,582**		22,098	
LifeServ Corporation	**9,470**		9,470	
	34,052		31,568	
Investments, at equity				
CF Television Inc.	**87,000**		85,025	
ROBTv	**–**		29,068	
The National Post Company	**83,614**		–	
	170,614		114,093	
	415,413		398,171	

1 Market values are based on quoted closing prices at August 31. The Company considers the excess of cost over market value to be a temporary decline in value, the result of short term market volatility.

2 The Company's 29.9% equity interest is accounted for at cost as the Company has not been successful in its attempts to gain board representation or to influence UTV's management.

5. INVESTMENT IN FILM AND TELEVISION PROGRAM RIGHTS

	2001 $000		2000 $000	
	Current	**Long term**	**Current**	**Long term**
Broadcast rights	**96,385**	**8,335**	48,949	11,293
Completed film and television programs and distribution rights acquired, net of amortization	**–**	**239,757**	–	157,776
Film and television programs in progress	**–**	**107,902**	–	82,045
	96,385	**355,994**	48,949	251,114

The Company has entered into various agreements for the right to broadcast certain feature films and syndicated television programs in the future. These agreements, which range in term from one to five years, generally commit the Company to acquire specific programs or films or certain levels of future productions. The acquisition of these broadcast rights is contingent on the actual production and/or the airing of the programs or films. Management estimates that these agreements will result in future annual program and film expenditures of $284,000,000 to $345,000,000.

In addition, the Company has entered into various agreements to acquire film and television rights and distribution rights amounting to $55,655,000 (US$36,011,000).

Subsidiaries of the Company have provided financial guarantees on certain credit facilities arranged for the acquisition of film and television programs. An amount of $18,612,000 (US$12,043,000) (2000 – $14,000,000) has been guaranteed, in addition to the guarantee of certain interest obligations on such facilities.

6. PROPERTY AND EQUIPMENT

		2001 $000	
	Cost	**Accumulated amortization**	**Net**
Land	**61,409**	**–**	**61,409**
Buildings	**192,497**	**35,426**	**157,071**
Machinery and equipment	**604,551**	**146,108**	**458,443**
Leasehold and land improvements	**18,550**	**7,662**	**10,888**
	877,007	**189,196**	**687,811**

		2000 $000	
	Cost	**Accumulated amortization**	**Net**
Land	19,452	–	19,452
Buildings	40,166	10,082	30,084
Machinery and equipment	245,641	119,973	125,668
Leasehold and land improvements	15,830	5,810	10,020
	321,089	135,865	185,224

7. INTANGIBLES AND GOODWILL

	2001 $000	2000 $000
Circulation (net of accumulated amortization of $4,290)	**212,461**	–
Broadcast licences (net of accumulated amortization of $96,401, 2000 – $75,543)	**630,172**	642,798
Goodwill (net of accumulated amortization of $135,465, 2000 – $67,766)	**3,085,801**	842,040
	3,928,434	1,484,838

The Company's broadcasting activities are regulated by various regulatory authorities. Each broadcasting undertaking operates under licences which are granted for varying periods and are subject to certain performance requirements.

8. LONG TERM DEBT

	Interest Rate [1]	2001 $000	Interest Rate [1]	2000 $000
Term bank loans [2]	**9.14%**	**2,286,018**	7.00%	1,117,968
Senior subordinated notes [3]	**9.08%**	**703,585**	–	–
Term loans USD$26,329 [4]	**6.40%**	**40,691**	–	–
Term and demand loan IRE£16,505 (2000 – IRE£17,976) [5]	**5.32%**	**29,486**	5.50%	29,837
Term and demand loan NZ$7,275 (2000 – NZ$9,107) [6]	**6.50%**	**4,938**	6.50%	5,935
Term and demand note payable due August 2001	**–**	**–**	5.00%	14,542
Note payable due May, 2003	**3.25%**	**4,250**	5.50%	4,250
Junior subordinated notes [7]	**12.125%**	**842,794**	–	–
Long term debt		**3,911,762**		1,172,532
Less portion due within one year		**(116,500)**		–
Long term portion		**3,795,262**		1,172,532

1 The weighted average interest rate giving effect to interest rate swaps.

2 Credit facilities provide for revolving and term loans in the maximum amounts of $600,000,000 and $2,168,000,000 respectively. At August 31, 2001 the Company had drawn on availabilities under $2,168,000,000 of its term facilities, including U.S. dollar loans of US$706,813,044 and had drawn $120,000,000 under revolving facilities. The revolving credit facility matures in November 2006. The amount of credit available under $2,168,000,000 of the term facilities decreases periodically until maturity between November 2006 and May 2009. Additional term faciltities of $15,000,000 of which $8,495,000 was drawn at August 31, 2001 mature in August 2005. The loans bear interest at floating rates, and are collateralized by certain assets of the Company. (At August 31, 2000, the Company had term credit facilities in the maximum amounts of $1,265,000,000, most of which were refinanced in November 2000).

Up to $30,000,000 of the revolving credit facility is available on an operating basis, of which $12,000,000 was utilized at August 31, 2001, at a weighted average interest rate of 7.25%.

3 The senior subordinated notes mature on May 15, 2011 and bear interest at 10.625% and include loans of US$425,000,000 and Canadian dollar loans of $60,724,000. The notes rank junior to the Company's senior credit facility and are guaranteed by certain subsidiaries of the Company.

4 Loans payable consists of term bank loans with maturity dates commencing January 2002 to December 2003. The debt bears interest at floating rates from LIBOR + 2.0% and is collateralized by the Company's rights to certain film and television programs including an assignment of accounts receivable and all expected future revenues from exploitation of the financed film and television programs.

5 These credit facilities provide for term and demand bank loans at August 31, 2001 in the maximum amount of IRE£46,086,000 (2000 – IRE£28,400,000) with demand loans maturing in December 2001, and term loans of IRE£4,400,000 maturing in 2004. The debt bears interest at floating rates. As the Company intends to refinance the demand facility upon maturity, under its available facilities, the loan has been classified as long term.

6 These credit facilities provide for term and demand loans at August 31, 2001 of NZ$8,375,000 (2000 – NZ$13,832,500) with term maturity dates in December, 2001 and October, 2002. As the Company intends to refinance these loans under its available facilities, they have been classified as long term.

7 The junior subordinated notes mature in November 2010, bear interest at fixed rates, and are redeemable after May, 2004. At the Company's option, interest payments to November, 2006 may be paid in cash, by the issuance of additional notes, or subject to conditions, by the issuance of non-voting shares of the Company. The notes rank junior to senior debt and are collateralized by way of assets of certain subsidiaries of the Company. The notes include $67,082,427 in notes issued during the year in satisfaction of interest as well as an accrual of $8,864,781 for notes to be issued in January, 2002.

The Company has entered into various cross currency interest rate and interest rate swaps resulting in fixed interest costs on its senior indebtedness, in a principal amount of $1,884,000,000 at August 31, 2001 at rates ranging from 5.7% to 6.73%, plus a margin, for terms matching the maturity of the loans. (At August 31, 2000 the Company had fixed $700,000,000 at interest rates ranging from 5.55% to 6.69%, plus a margin).

The Company is subject to covenants under certain of the credit facilities referred to above, including thresholds for leverage and interest coverage, and is also subject to certain restrictions under negative covenants.

Principal payments of long term debt based on terms existing at August 31, 2001 over the next five years are:

		$000
Year ending August 31,	2002	178,134
	2003	173,244
	2004	182,477
	2005	229,998
	2006	273,998

In addition to the facilities described above, the Company has additional operating loan facilities payable on demand of NZ$5,000,000 at floating rates. As at August 31, 2001, the Company's indebtedness under these facilities was $728,000 (2000 – $16,255,000). The weighted average interest rate during the years ended August 31, 2001 and August 31, 2000 was approximately 7%.

9. CAPITAL STOCK

AUTHORIZED

Authorized capital consists of an unlimited number of preference shares issuable in series, multiple voting shares, subordinate voting shares and non-voting shares.

The multiple voting shares, the subordinate voting shares and the non-voting shares rank equally on a per share basis in respect of dividends and distributions of capital and are subordinate to the preference shares. Subordinate voting shares carry one vote per share and multiple voting shares carry ten votes per share. Non-voting shares do not vote, except at meetings where the holders of such shares would be entitled by law to vote separately as a class.

Multiple voting shares are convertible into subordinate voting shares and non-voting shares on a one-for-one basis at any time at the option of the holder. Subordinate voting shares are convertible into non-voting shares on a one-for-one basis at any time at the option of the holder. Non-voting shares are convertible into subordinate voting shares on a one-for-one basis provided the holder is Canadian.

Series 1 preference shares carry 19 votes per share, and carry preferential votes pertaining to the election of up to two directors of the Company. Each series 1 preference share is convertible, at the option of the holder, into 0.15 subordinate voting or non-voting shares.

Series 2 preference shares are not eligible to vote. Series 2 preference shares are, at the option of the Company, redeemable for cash, or convertible to subordinate voting or non-voting shares based on the market value of the shares at the date of conversion. In the event the Company does not redeem or convert the series 2 preference shares within a certain time period, they will convert automatically. The stated capital amount, redemption price, and aggregate conversion value of the shares is based upon valuations which have not been finally determined and have been estimated at $50,000,000.

The series 1 and 2 preference shares are not entitled to dividends and distributions in the normal course or in respect of a liquidation or wind up, and have no right to vote separately as a class.

ISSUED

	2001 **$000**	2000 $000
76,785,976 (2000 – 78,040,908) multiple voting shares	**3,199**	3,252
70,545,434 (2000 – 69,395,035) subordinate voting shares	**419,583**	394,050
29,308,918 (2000 – 2,607,837) non-voting shares	**417,375**	22,958
2,700,000 (2000 – NIL) series 1 preference shares	**6,156**	–
21,783 (2000 – NIL) series 2 preference shares	**50,000**	–
	896,313	420,260

Changes in outstanding share capital during the two years ended August 31, 2001 were as follows:

	Number of shares	$000
MULTIPLE VOTING SHARE CAPITAL:		
Balance – August 31, 1999 and 2000	78,040,908	3,252
Changes pursuant to:		
Conversion to non-voting shares	(1,254,932)	(53)
Balance – August 31, 2001	76,785,976	3,199
SUBORDINATE VOTING SHARE CAPITAL:		
Balance – August 31, 1999	67,706,697	378,385
Changes pursuant to:		
Share purchase plans	44,030	713
Exercise of stock options	340,039	900
Dividend reinvestment plan	201,705	3,304
Share repurchase program	(139,600)	(785)
Conversion from non-voting shares – net	1,242,164	11,533
Balance – August 31, 2000	69,395,035	394,050
Changes pursuant to:		
Share purchase plans	69,502	836
Exercise of stock options	195,197	735
Dividend reinvestment plan	165,434	2,344
Stock dividend	760,917	18,050
Conversion to non-voting shares – net	(40,651)	3,568
Balance – August 31, 2001	70,545,434	419,583
NON-VOTING SHARE CAPITAL:		
Balance – August 31, 1999	3,847,291	34,446
Changes pursuant to:		
Dividend reinvestment plan	2,710	45
Conversion to subordinate voting shares – net	(1,242,164)	(11,533)
Balance – August 31, 2000	2,607,837	22,958
Changes pursuant to:		
Treasury	24,300,000	369,360
Conversion from multiple voting shares	1,254,932	53
Stock dividend	1,100,082	28,475
Dividend reinvestment plan	5,416	97
Conversion from subordinate voting shares – net	40,651	(3,568)
Balance – August 31, 2001	29,308,918	417,375
SERIES 1 PREFERENCE SHARE CAPITAL:		
Balance – August 31, 1999 and 2000	–	–
Shares issued as consideration in an acquisition	2,700,000	6,156
Balance – August 31, 2001	2,700,000	6,156
SERIES 2 PREFERENCE SHARE CAPITAL:		
Balance – August 31, 1999 and 2000	–	–
Shares issued as consideration in an acquisition	21,783	50,000
Balance – August 31, 2001	21,783	50,000

STOCK DIVIDEND

In September 2000 a 1.24% stock dividend was paid in subordinate voting and non-voting shares.

SHARE COMPENSATION PLANS

The Company's board of directors has approved share compensation plans, the purpose of which is to provide employees and certain directors of the Company and its subsidiaries with the opportunity to participate in the growth and development of the Company through the granting of options and share purchase loans. At any time, the number of subordinate voting and non-voting shares reserved and set aside for purposes of the plans may not exceed 10% of the issued shares of the Company.

Options vest over a five or six-year period and are exercisable on a cumulative basis over a ten-year period, except that under certain specified conditions the options become exercisable immediately. The exercise price represents the market trading price at the date on which the option was granted.

Under management and employee share purchase plans, employees may purchase subordinate voting shares or non-voting shares from treasury at the market trading price using non-interest bearing short term loans provided by the Company. The shares are held as collateral by a trustee until the loans are repaid.

Changes in outstanding options to purchase subordinate voting shares or non-voting shares for the two years ended August 31 were as follows:

	2001		2000	
	Options	**Average Price**	Options	Average Price
Options outstanding, beginning of year	**1,651,792**	**14.52**	1,512,471	11.13
Changes pursuant to:				
Options granted	**240,440**	**14.66**	484,180	16.65
Options exercised	**(195,197)**	**3.77**	(344,256)	2.62
Options expired	**(50,714)**	**16.88**	(603)	15.65
Options outstanding, end of year	**1,646,321**	**15.75**	1,651,792	14.52

The following options to purchase subordinate voting shares or non-voting shares were outstanding as at August 31, 2001:

Year Granted	**Exercise Price**	**Expiry Date**	**Number Outstanding**
1992	$ 1.62	2002	956
1993	$ 2.13	2003	10,884
1994	$ 3.53	2004	10,887
1995	$ 4.54	2005	13,442
1996	$ 7.12 – $12.76	2006	557,975
1997	$14.07 – $22.22	2007	152,680
1998	$22.67 – $25.67	2008	151,546
1999	$18.70 – $21.14	2009	69,731
2000	$16.00 – $16.79	2010	437,780
2001	$12.03 – $15.20	2011	240,440
			1,646,321

SHARE REPURCHASE PROGRAM

During 2000, the Company made a Normal Course Issuer Bid, pursuant to which it could have purchased for cancellation up to 6,059,719 of its subordinate voting shares. The Bid expired on December 1, 2000 and no repurchases occurred in the year ended August 31, 2001. During the year ended August 31, 2000, the Company acquired 139,600 of its subordinate voting shares through open-market purchases for cash of $2,253,000. The excess of the redemption amount paid over the stated capital of the shares redeemed of $1,468,000 was charged to retained earnings.

DIVIDEND REINVESTMENT PLAN

The Company has established a dividend reinvestment plan. Under the terms of this plan, shareholders may, under certain conditions, apply their cash dividends to the purchase of shares from treasury at a price equal to 95% of the average market trading price of the shares.

10. CUMULATIVE TRANSLATION ADJUSTMENTS

The cumulative foreign currency translation adjustments account reflects the net changes in the respective book values of the Company's investments in self-sustaining foreign operations due to exchange rate fluctuations since the respective dates of their acquisition or start-up.

The changes in this account during the years ended August 31, 2001 and 2000 arise from changes in the Australian, New Zealand, Irish and United States currencies relative to the Canadian currency, and changes in the Company's net investment in the book values of international operations.

Changes in this account were as follows:

	2001 $000	2000 $000
Deferred loss, beginning of year	87,728	36,348
Deferred foreign currency exchange (gain) loss during the year	(11,511)	52,680
Realization of translation loss due to distributions	(7,200)	(1,300)
Deferred loss, end of year	69,017	87,728

The balance of cumulative translation adjustments at the end of the year represents net unrealized losses (gains) as follows:

	2001 $000	2000 $000
Australian dollar	19,759	19,863
New Zealand dollar	55,467	67,508
Irish punt	(932)	357
United States dollar	(5,277)	–
	69,017	87,728

11. INCOME TAXES

The Company's provision for income taxes reflects an effective income tax rate which differs from the combined Canadian statutory rate as follows:

	2001 $000	2000 $000
Income taxes at combined Canadian statutory rates of 41.3% (2000 – 43.83%)	**(16,547)**	65,923
Non-taxable portion of capital gains	**(11,716)**	(16,418)
Non-deductible amortization expense	**30,980**	6,300
Benefit of income tax losses not recognized	**2,490**	4,552
Effect of foreign income tax rates differing from Canadian income tax rates	**(995)**	6,360
Effect of substantively enacted income tax rate change on future tax balances	**(70,573)**	(14,832)
Large corporation tax	**1,788**	293
Other	**5,554**	(4,054)
Provision for (recovery of) income taxes	**(59,019)**	48,124

An analysis of net earnings (loss) before tax by jurisdiction follows:

	2001 $000	2000 $000
Canada	**(64,960)**	177,003
Foreign	**24,894**	(26,595)
Net earnings (loss) before tax	**(40,066)**	150,408

An analysis of the provision for (recovery of) current and future income taxes by jurisdiction follows:

	2001 $000	2000 $000
Current income taxes		
Canada	**38,059**	70,987
Foreign	**203**	968
	38,262	71,955
Future income taxes		
Canada	**(94,819)**	(23,678)
Foreign	**(2,462)**	(153)
	(97,281)	(23,831)
Provision for (recovery of) income taxes	**(59,019)**	48,124

Significant components of the Company's future tax assets and liabilities are as follows:

	August, 31, 2001 $000	2000 $000
Future tax assets		
Non-capital loss carryforwards	**47,984**	17,485
Accounts payable and other accruals	**63,192**	60,833
Pension and post retirement benefits	**5,660**	–
Less: Valuation allowance	**(13,329)**	(10,839)
Total future tax assets	**103,507**	67,479
Future tax liabilities		
Tax depreciation in excess of book depreciation	**73,504**	14,918
Pension obligations	**–**	5,158
Broadcast licences	**387,481**	462,880
Other intangible assets	**25,645**	–
Other assets	**24,626**	24,121
Total future tax liabilities	**511,256**	507,077
Net future tax liability	**407,749**	439,598
Net current future tax asset	**33,243**	20,433
Net long term future tax liability	**440,992**	460,031

12. STATEMENTS OF CASH FLOWS

The following amounts comprise the net change in non-cash operating accounts included in the statements of cash flows:

	2001 $000	2000 $000
CASH GENERATED (UTILIZED) BY:		
Accounts receivable	**55,986**	(29,466)
Film and television program rights	**(55,395)**	31,590
Inventory	**(7,342)**	–
Other current assets	**(5,825)**	6,033
Other assets	**25,121**	(19,754)
Accounts payable and accrued liabilities	**(35,928)**	3,387
Income taxes payable	**(49,125)**	34,773
Deferred revenue	**5,046**	36,733
Film and program accounts payable	**16,056**	(44,418)
	(51,406)	18,878

The following amounts were paid on account of interest and income taxes:

	2001 $000	2000 $000
Interest	**241,618**	62,152
Income taxes	**73,796**	50,173

13. RETIREMENT ASSETS AND OBLIGATIONS

Information on the Company's pension and post retirement benefit plans follows:

	Pension Benefits		Post Retirement Benefits	
	2001 $000	2000 $000	2001 $000	2000 $000
Plan Assets				
Fair value – beginning of year	**96,351**	17,417	**–**	–
Plan assets acquired	**132,425**	72,167	**–**	–
Investment income	**(2,444)**	8,359	**–**	–
Employer contributions	**609**	289	**–**	–
Employee contributions	**4,475**	595	**–**	–
Benefits, refund of contributions and administrative expenses	**(11,070)**	(2,476)	**–**	–
Fair value – end of year	**220,346**	96,351	**–**	–

The valuation of the plan net assets is based on market values with unrealized gains and losses averaged over a five year period.

	Pension Benefits 2001	Pension Benefits 2000	Post Retirement Benefits 2001	Post Retirement Benefits 2000
Plan Obligations				
Accrued benefit obligation – beginning of year	**77,704**	12,593	**5,816**	1,219
Obligation acquired	**132,425**	62,279	**26,927**	3,578
Accrued interest on benefits	**13,814**	2,790	**1,959**	421
Current service cost	**10,586**	1,806	**419**	159
Benefits and refund of contributions	**(10,499)**	(2,476)	**–**	–
Experience loss	**2,331**	712	**–**	439
Accrued benefit obligation – end of year	**226,361**	77,704	**35,121**	5,816

The Company's accrued benefit asset is determined as follows:

	Pension Benefits 2001	Pension Benefits 2000	Post Retirement Benefits 2001	Post Retirement Benefits 2000
Plan surplus / (deficit)	**(6,015)**	18,647	**(35,121)**	(5,816)
Unamortized net actuarial loss / (gain)	**21,069**	(5,539)	**–**	–
Unamortized transitional obligation	**(5,029)**	(5,387)	**5,377**	5,816
Valuation allowance	**(1,002)**	(1,639)	**–**	–
Accrued plan asset	**9,023**	6,082	**(29,744)**	–

The valuation allowance represents the amount of surplus not recognized on the Company's balance sheet.

The Company's benefit expense is determined as follows:

	Pension Benefits 2001	Pension Benefits 2000	Post Retirement Benefits 2001	Post Retirement Benefits 2000
Current service cost	**10,586**	1,806	**419**	–
Employee contributions	**(4,475)**	(456)	**–**	–
Accrued interest on benefits	**13,814**	2,790	**1,959**	–
Expected return on plan assets	**(16,451)**	(3,432)	**–**	–
Amortization of transitional asset / (obligation)	**(358)**	–	**439**	–
Changes in valuation allowance	**(61)**	(419)	**–**	–
Benefit expense	**3,055**	289	**2,817**	–
Employer contribution to the defined contribution plan	**463**	463	**–**	–
Total pension and post retirement benefit expense	**3,518**	752	**2,817**	–

Significant actuarial assumptions in measuring the Company's accrued benefit obligations are as follows:

	Pension Benefits 2001	Pension Benefits 2000	Post Retirement Benefits 2001	Post Retirement Benefits 2000
Discount rate	**7.25%**	7.25%	**7.00%**	7.00%
Expected long-term rate of return on pension plan assets	**7.25%-8.00%**	7.25%	**7.00%**	7.00%
Rate of compensation increase	**4.00%**	4.00%	**4.00%**	4.00%

14. FINANCIAL INSTRUMENTS

Financial instruments consist of the following:

	August 31, 2001		August 31, 2000	
	Carrying Value $000	**Fair Value $000**	Carrying Value $000	Fair Value $000
Short term assets	**512,947**	**512,947**	318,651	318,651
Other investments	**415,413**	**410,838**	398,171	455,556
Short term liabilities	**591,016**	**591,016**	229,587	229,587
Long term debt	**3,795,262**	**3,701,198**	1,172,532	1,168,932
Other long term liabilities	**88,809**	**88,809**	114,831	114,831
Unrealized net loss on interest rates swaps	**–**	**94,064**	–	3,600

The fair value of short term assets and liabilities, which include cash and short term investments, accounts receivable, distributions receivable from Network TEN, and other assets, bank loans and advances, accounts payable and accrued liabilities and film and program accounts payable approximate their fair value due to the short term nature of these financial instruments.

The fair value of other investments is primarily based on quoted market prices for publicly traded securities, and the most recent purchase transactions and agreements for non-listed securities.

The fair value of long term debt subject to floating interest rates approximates the carrying value. The fair value of long term debt subject to fixed interest rates is estimated by discounting future cash flows, including interest payments, using rates currently available for debt of similar terms and maturity.

The fair values of other long term liabilities including film and program accounts payable and provisions approximates their carrying values.

The fair values of unrealized net gain on interest rate and cross currency swaps are based on the amounts at which they could be settled based on estimates of market rates.

CREDIT RISK

The Company is exposed to credit risk, primarily in relation to accounts receivable. Exposure to credit risk varies for advertiser accounts receivable due to the concentration of individual balances with large agencies. The Company performs regular credit assessments of its customers and provides allowances for potentially uncollectable accounts receivable.

INTEREST RATE RISK

The Company manages its exposure to fluctuations in interest rates through the use of interest rate and cross currency interest rate swap agreements more fully described in note 8.

15. JOINTLY CONTROLLED ENTERPRISE

The following amounts included in the consolidated financial statements represent the company's proportionate interest in TV3 Ireland.

	2001 $000	2000 $000
Balance Sheets		
Assets		
Current assets	7,106	–
Property and equipment	4,289	–
Broadcast licences	1,329	–
Other	7,183	–
	19,907	–
Liabilities		
Current liabilities	5,700	–
Long term liabilities	29,486	–
	35,186	–
Statements of Earnings		
Revenue	9,542	–
Expenses	8,051	–
Net earnings	1,491	–
Statements of changes in financial position		
Cash generated (utilized) by:		
Operating activities	207	–
Investing activities	(227)	–
Financing activities	334	–
Net increase in cash	314	–

16. CONTINGENCY

On March 5, 2001, a statement of claim was filed against CanWest and certain of the Company's subsidiaries by certain minority interests requesting, among other things, that their interests in CanWest Broadcasting ltd. ("CBL"), a subsidiary of the Company, be purchased without minority discount. In addition, the claim alleges the Company wrongfully terminated certain agreements and acted in an oppressive and prejudicial matter towards the plaintiffs. The lawsuit seeks damages in excess of $325,000,000. The Company believes the allegations are substantially without merit and not likely to have a material adverse effect on its business, financial condition or results of operation. The Company intends to vigorously defend this lawsuit.

17. EVENTS SUBSEQUENT TO AUGUST 31, 2001

a) On September 12, 2001, the Company completed the sale of CFCF, and received proceeds of $90,000,000. No gain or loss will arise from this transaction.

b) On October 31, 2001, the Company completed the sale of CKVU, and received proceeds of $125,000,000. The Company has not yet determined the gain from this transaction.

c) On August 23, 2001, CanWest and Hollinger entered into a letter agreement providing for the acquisition by the Company of all of Hollinger's and its affiliates' interests in The National Post Company, the partnership that owns and operates the National Post, constituting the 50% of the National Post not already owned by the Company. The acquisition is expected to close on March 31, 2002 and the purchase price will consist of nominal cash consideration and other consideration in the form of agreements and undertakings exchanged by the parties. In addition, Hollinger will make a payment to The National Post Company to fund losses and cash requirements of The National Post Company until March 31, 2002. In September 2001, the Company assumed the day-to-day management of the National Post.

18. SEGMENTED INFORMATION

The Company operates primarily within the publishing, broadcasting and entertainment industries in Canada, New Zealand, Ireland and Australia.

Each segment reported below operates as a strategic business unit with separate management. Segment performance is measured primarily on the basis of operating profit. There are no significant inter segment items. Segmented information in Canadian dollars is as follows:

	Online and Publishing	Broadcasting				Entertainment	Corporate and Other	Consolidated
	Canada	Canada	New Zealand TV	New Zealand Radio	Ireland	Canada		
	$000	$000	$000	$000	$000	$000	$000	$000
Revenue from external customers								
2001	**919,923**	**701,027**	**58,436**	**56,864**	**31,056**	**177,469**	**–**	**1,944,775**
2000	–	489,896	72,983	29,981	27,409	111,579	–	731,848
Non-recurring expenses and write-down of program inventory								
2001	**–**	**3,036**	**–**	**–**	**–**	**–**	**–**	**3,036**
2000	–	–	12,566	–	–	–	–	12,566
Operating profit (loss) before amortization								
2001	**207,804**	**226,458**	**(8,939)**	**14,301**	**2,748**	**13,551**	**(14,852)**	**441,071**
2000	-	166,405	(11,732)	7,002	(8,673)	7,420	(15,879)	144,543
Amortization of intangibles and goodwill								
2001	**50,504**	**33,645**	**2,246**	**2,834**	**61**	**840**	**29**	**90,159**
2000	–	16,217	2,198	1,441	192	840	29	20,917
Amortization of capital assets and other								
2001	**32,649**	**24,195**	**2,731**	**1,919**	**3,046**	**386**	**879**	**65,805**
2000	–	14,267	3,142	889	4,271	134	652	23,355
Financing expenses (revenue)								
2001	**227,464**	**113,751**	**104**	**234**	**3,374**	**16,618**	**(4,790)**	**356,755**
2000	–	59,746	(213)	106	2,970	1,640	(10,485)	53,764
Investment income and gains								
2001	**–**	**–**	**–**	**–**	**–**	**–**	**31,582**	**31,582**
2000	–	–	–	–	–	–	103,901	103,901
Earnings (loss) before taxes								
2001	**(100,046)**	**42,536**	**(14,298)**	**9,314**	**(3,733)**	**(4,292)**	**30,453**	**(40,066)**
2000	–	65,013	(17,130)	4,566	(16,105)	4,806	109,258	150,408
Capital expenditures								
2001	**21,932**	**16,465**	**2,163**	**2,178**	**713**	**1,481**	**6,442**	**51,374**
2000	–	11,160	189	637	2,635	1,026	700	16,347
Property and equipment, intangibles and goodwill								
2001	**2,935,179**	**1,405,751**	**85,563**	**131,840**	**6,841**	**33,167**	**17,904**	**4,616,245**
2000	–	1,405,290	96,151	106,868	17,814	32,911	11,028	1,670,062
Total assets								
2001	**3,261,423**	**1,820,356**	**133,018**	**141,761**	**21,950**	**518,168**	**402,544**	**6,299,220**
2000	–	1,716,620	125,222	125,786	41,865	382,321	550,797	2,942,611

	Online and Publishing	Broadcasting				Entertainment	Corporate and Other	Consolidated
	Canada	Canada	New Zealand TV	New Zealand Radio	Ireland	Canada		
	$000	$000	$000	$000	$000	$000	$000	$000
Reconciliation of net earnings before taxes to net earnings – year ended August 31, 2001								
Earnings (loss) before income tax	(100,046)	42,536	(14,298)	9,314	(3,733)	(4,292)	30,453	(40,066)
(Provision for) recovery of income taxes	18,304	35,099	2,821	(614)	269	(73)	3,213	59,019
Minority interests	–	(2,531)	–	(665)	–	–	–	(3,196)
Interest in earnings of Network TEN	–	–	–	–	–	–	52,567	52,567
Interest in earnings of other equity accounted affiliates	(16,385)	1,894	–	–	–	–	–	(14,491)
Realized translation adjustments	–	–	–	–	–	–	(7,200)	(7,200)
Net earnings (loss) for the year	(98,127)	76,998	(11,477)	8,035	(3,464)	(4,365)	79,033	46,633
Reconciliation of net earnings before taxes to net earnings – year ended August 31, 2000								
Earnings (loss) before income tax	–	65,013	(17,130)	4,566	(16,105)	4,806	109,258	150,408
(Provision for) recovery of income taxes	–	(12,008)	988	(1,285)	1,754	(1,581)	(35,992)	(48,124)
Minority interests	–	(2,607)	–	(268)	5,049	–	–	2,174
Interest in earnings of Network TEN [1]	–	–	–	–	–	–	72,194	72,194
Interest in earnings of WIC	–	2,286	–	–	–	–	–	2,286
Realized translation adjustments	–	–	–	–	–	–	(1,300)	(1,300)
Net earnings (loss) for the year	–	52,684	(16,142)	3,013	(9,302)	3,225	144,160	177,638

[1] Selected financial information for Network TEN is presented in Note 3.

19. UNITED STATES ACCOUNTING PRINCIPLES

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). In certain aspects GAAP as applied in the United States ("U.S.") differs from Canadian GAAP.

PRINCIPAL DIFFERENCES AFFECTING THE COMPANY

Comprehensive income

Comprehensive income, defined as all changes in equity other than those resulting from investments by owners and distributions to owners, must be reported under U.S. GAAP. There is no similar requirement under Canadian GAAP.

Pre-operating costs

In the U.S., pre-operating costs are expensed in the period incurred. In accordance with Canadian GAAP, the Company defers pre-operating costs until commencement of commercial operations and amortizes the costs over a period of five years.

Foreign currency translation

In the U.S., distributions from self-sustaining foreign operations do not result in a realization of the cumulative translation adjustments account. Realization of such foreign currency translation adjustments occur only upon the sale of all or a part of the investment giving rise to the translation adjustments. In accordance with Canadian GAAP, reductions in the net investment in self-sustaining foreign operations result in a proportionate reduction in the cumulative foreign currency translation adjustment accounts.

Programming commitments

Under Canadian GAAP, certain programming commitments related to the acquisition of WIC imposed by regulatory requirements were accrued in the purchase equation. Under U.S. GAAP, these costs are expensed as incurred.

Equity accounted affiliates

Under U.S. GAAP, investments placed in trust due to regulatory requirements must be accounted for at cost. Under Canadian GAAP, these investments are accounted as cost, equity or consolidated investments based on the level of influence that the investor has over the investment.

Investment in WIC on an equity basis

Under Canadian GAAP, the investment in WIC was accounted for as described in note 2 (e). Under US GAAP, as a result of receiving approval to complete the purchase of WIC, the Company changed its method of accounting for its investment in WIC to the equity method. Accordingly, the change in accounting policy has been retroactively applied as required under APB Opinion No. 18, The Equity Method of Accounting for Investments in Common Stock. Effective July 6, 2000, the Company has consolidated its investment in WIC.

Impairment of long-lived assets

Under U.S. GAAP, the Company recognizes an impairment loss on property, equipment and broadcast licences and circulation if the undiscounted expected future cash flows are less than the carrying value. The impairment loss recognized would be an amount equal to the difference between the carrying amount and the fair value of the assets. Under Canadian GAAP, the impairment loss would be equal to the difference between the carrying amount and the undiscounted expected future cash flows.

Under U.S. GAAP, goodwill associated with assets acquired in a purchase business combination is included in impairment evaluations of other long-lived assets when events or circumstances exist that indicate the carrying value of those assets may not be recoverable. In addition, impairments of goodwill would be recognized when a review indicates that the goodwill will not be recoverable, as determined based on projected income and cash flows on an undiscounted basis from the underlying operations. In such circumstances, the goodwill will be reduced to the estimated recoverable amount. Under Canadian GAAP, prior to the acquisition of WIC and Southam Publications the Company has not had any significant goodwill arising on its acquisitions.

The Company regularly assesses the carrying value of its assets and has determined that there is no impairment in long-lived assets at this time.

Investment in marketable securities

In the U.S., investment assets classified as "available for sale" are carried at market, and unrealized gains and losses are included, net of tax, in accumulated comprehensive income. In accordance with Canadian GAAP, the Company carries its investment in marketable securities at cost.

Stock based compensation

U.S. GAAP encourages companies to include the fair value of stock options granted in the determination of compensation cost.

For U.S. GAAP reconciliation purposes, the Company follows the disclosure-only provisions of Statement of Financial Accounting Standards No. 123 "Accounting for Stock-Based Compensation" ("SFAS 123"). As permitted by SFAS 123, the Company continues to apply the intrinsic value method of accounting for stock-based compensation prescribed by Accounting Principles Board Opinion No. 25 "Accounting for Stock Issued to Employees."

In computing pro forma net earnings for U.S. GAAP had the Company elected to adopt the fair value approach of SFAS 123, the fair value of the options granted during 2001 was estimated using the Black-Scholes option-pricing model with the assumptions of a dividend yield of 2.0% (2000 - 1.7%), an expected volatility of 60% (2000 – 32.5%), risk-free interest rates of 5.4% to 5.6% (2000 6.2% to 6.6%) and an expected life of 6 to 9 years (2000 6 to 9 years).

The total fair value of 240,440 stock options that were granted by the Company during 2001 was $1,969,000 (during 2000, 484,180 stock options were granted with a total value of $3,215,000). The pro forma cost of stock compensation expense for the year ended August 31, 2001 would be $1,229,000 (2000 - $1,164,000). An unrecognized value of $5,310,000 will be charged to pro forma net earnings in future years according to the vesting terms of the options. The resulting pro forma net earnings and diluted earnings per share under U.S. GAAP for the year ended August 31, 2001 are $46,768,000 and $0.27, respectively (2000 - $231,745,000 and $1.53).

The effects of applying this method in this pro forma disclosure are not indicative of future amounts. The Company's adoption for pro forma disclosure of this method does not apply to awards prior to 1996, and additional awards in future years are anticipated.

Effect of tax rate changes

Under U.S. GAAP, changes in tax rates are applied to reduce or increase future income tax assets or liabilities when the proposed tax rate change has received legislative approval. Under Canadian GAAP, tax rate changes are applied when the change in tax rate is considered substantively enacted.

Cash flow statement

The Canadian accounting standard for the preparation of cash flow statements is consistent with the guidance provided under IAS 7, and accordingly, the cash flow statements presented herein have not been reconciled to U.S. GAAP under the accommodation provided by the Securities and Exchange Commission of the United States ("SEC").

Proportionate consolidation

In the U.S. investments in jointly controlled entities are accounted as equity investments. Canadian GAAP requires the accounts of jointly controlled enterprises to be proportionately consolidated. As permitted by the SEC, the differences in classification and display that result from using the proportionate consolidation method have been omitted from this note.

Accounting for derivative instruments and hedging activities

Under U.S. GAAP, entities are required to recognize all derivative instruments as either assets or liabilities in the balance sheet and measure those instruments at fair value. The changes in fair value of the derivative are included either in the statement of earnings or other comprehensive income depending on the nature of the instrument. Under Canadian GAAP, there is no requirement to recognize derivatives as either assets or liabilities.

Debt classification

Under Canadian GAAP, the Company's credit facilities described in note 8(5) and 8(6) are classified as long term because the Company intends to refinance the debt on maturity under its available facilities. Under US GAAP, the amount would be classified as current because the Company does not currently have refinancing in place.

NEW ACCOUNTING STANDARDS

a) Business combinations, intangibles and goodwill

In fiscal 2002, the Company will adopt new standards approved by the Financial Accounting Standards Board, Statement of Financial Accounting Standard No. 141, Business Combinations and Statement of Financial Accounting Standard No. 142, Goodwill and Other Intangibles. The new standards are consistent with those described in note 1.

b) Accounting for asset retirement obligations

In June 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standard No. 143, Accounting for Asset Retirement Obligations (FAS 143). FAS 143 requires that an asset retirement obligation be recognized as a liability, measured at fair value, in the period in which the obligation is incurred if a reasonable estimate of fair value can be made. The associated asset retirement costs are capitalized as part of the carrying amount of the long lived assets and amortized to expense over the asset's useful life. FAS 143 is effective for financial statements issued for fiscal years beginning after June 15, 2002. The Company is currently considering the impact of FAS 143.

c) Accounting for the impairment or disposal of long-lived assets

In fiscal 2003, the Company will adopt new standards approved by the Financial Accounting Standards Board, Statement of Financial Accounting Standard No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets. The Standard requires that an impairment loss should be recognized if the carrying amount of a long-lived asset is not recoverable and exceeds its fair value for assets in use. For long-lived assets classified as held for sale they should be measured at the lower of their carrying amount or fair value less cost to sell. The standard also changes the criteria for classification of operating results as discontinued operations. FAS 144 is effective for financial statements prepared for years beginning on or after December 15, 2001. The Company is currently considering the impact of FAS 144 on the Company's financial statements.

d) Accounting by producers or distributors of films

In fiscal 2002, the Company will adopt new standards of the Accounting Standards Executive Committee of the American Institute of Certified Public Accountants related to film and television revenue recognition and cost deferrals for distributors of films, Statement of Position (SOP) 00-2, Accounting by Producers or Distributors of Films. The new standards are described in note 1.

i) Consolidated Statements of Earnings

The following is a reconciliation of net earnings reflecting the differences between Canadian and U.S. GAAP:

	2001 $000	2000 $000
Net earnings in accordance with Canadian GAAP	**46,633**	177,638
Pre-operating costs net of tax of $1,175 (2000 – $544)	**3,337**	2,788
Realization of cumulative translation adjustments net of tax of nil	**7,200**	1,300
Programming costs imposed by regulatory requirement net of tax of ($774)	**(1,026)**	–
Reversal of amortization of goodwill related to future programming costs imposed by regulatory requirement on business combination net of tax of nil	**938**	–
Equity accounted affiliates in trust net of tax of nil	**(3,375)**	–
Investment in WIC on an equity basis, net of tax of $2,758 (2000 – $25,210)	**(4,138)**	51,183
Amortization of WIC goodwill adjustment resulting from retroactive equity accounting of WIC upon regulatory approval, net of tax of nil	**(1,572)**	–
Net earnings in accordance with U.S. GAAP	**47,997**	232,909
Net earnings per share		
Basic	**$0.28**	$1.56
Diluted	**$0.28**	$1.56

ii) Statements of Comprehensive Income

a) Comprehensive income (loss) – current periods:

	2001 $000	2000 $000
Net earnings in accordance with U.S. GAAP	**47,997**	232,909
Other comprehensive income, net of tax:		
Foreign currency translation gain (loss)	**11,511**	(52,680)
Unrealized gains (losses) on securities, available for sale, net of tax of $5,755 (2000 – $3,624)	**(73,178)**	39,940
Reversal of unrealized gains on sale of securities Available for sale, net of tax of $486 (2000 – $2,529)	**(987)**	(7,332)
	(74,165)	32,608
Unrealized gains (losses) on interest rate and cross currency interest rate swaps, net of tax of $41,388,	**(52,676)**	–
Less: Reclassification of foreign currency translation gains on US denominated debt to statement of earnings, net of tax of $404	**515**	–
	(52,161)	–
	(114,815)	(20,072)
Comprehensive income (loss)	**(66,818)**	212,837

b) Comprehensive income (loss) – accumulated balances:

	Foreign currency translation	Unrealized gains on securities	Unrealized gains (losses) on swaps	Total
Balance, August 31, 1999	(33,278)	(301)	–	(33,579)
Change during 2000	(52,680)	32,608	–	(20,072)
Balance, August 31, 2000	(85,958)	32,307	–	(53,651)
Change during 2001	11,511	(74,165)	(52,161)	(114,815)
Balance, August 31, 2001	**(74,447)**	**(41,858)**	**(52,161)**	**(168,466)**

iii) Consolidated Balance Sheets

Balance sheet captions restated to reflect the above items are presented below:

	2001 $000	2000 $000
ASSETS		
Current assets	**640,149**	396,474
Investment in Network TEN	**107,210**	136,337
Property and equipment	**687,811**	185,223
Intangibles and goodwill	**3,946,499**	1,530,432
Other investments	**370,180**	436,721
Other assets	**476,008**	330,793
	6,227,857	3,015,980
LIABILITIES		
Current liabilities	**729,624**	354,002
Long term debt	**3,732,710**	1,128,153
Other liabilities	**147,343**	102,803
Future income taxes	**377,537**	504,086
	4,987,214	2,089,044
SHAREHOLDERS' EQUITY		
Capital stock	**896,313**	420,260
Contributed surplus	**3,647**	3,647
Retained earnings	**509,149**	556,680
Accumulated other comprehensive income (loss)	**(168,466)**	(53,651)
	1,240,643	926,936
	6,227,857	3,015,980

A reconciliation of shareholders' equity reflecting the differences between Canadian and U.S. GAAP is set out below:

	2001 $000	2000 $000
Shareholders' equity in accordance with Canadian GAAP	**1,305,995**	860,127
Adjustments relating to pre-operating costs, net of tax of $2,277 (2000 – $3,452)	**(6,373)**	(9,711)
Adjustment to goodwill resulting from retroactive equity accounting of WIC upon regulatory approval net of tax of nil	**38,503**	44,213
Programming costs imposed by regulatory requirement on business combination net of tax of $774	**(1,026)**	–
Reversal of amortization of goodwill related to future programming costs imposed by regulatory requirement on business combination net of tax of nil	**938**	–
Adjustment to reflect losses on interest rate and cross currency swaps net of tax of $41,388	**(52,676)**	–
Foreign exchange gain on US$ denominated debt net of tax of $404	**515**	–
Equity accounted affiliates in trust net of tax of nil	**(3,375)**	–
Unrealized gain (loss) on other investments net of tax of nil (2000 – $6,241)	**(41,858)**	32,307
Shareholders' equity in accordance with U.S. GAAP	**1,240,643**	926,936

iv) Other

The following amounts are included in accounts receivable:

	2001 $000	2000 $000
Allowance for doubtful accounts	**14,500**	5,300

The following amounts are included in operating expenses:

	2001 $000	2000 $000
Bad debt expense (recovery)	**7,800**	(300)
Rent expense	**12,700**	8,600

The composition of accounts payable and accrued liabilities is as follows:

	2001 $000	2000 $000
Accounts payable	132,000	61,000
Accrued liabilities	269,000	131,000

10 YEAR FINANCIAL REVIEW

For the years ended August 31 (in thousands of dollars, except as noted) [1]

	2001	2000	1999
COMBINED OPERATING RESULTS [2]			
Revenue	**2,200,753**	1,076,724	881,998
Operating profit before amortization (EBITDA)	**510,175**	263,547	264,156
Operating profit margin	**23.2%**	24.5%	29.9%
Earnings from continuing operations before gain on sale of a 18.5% economic interest in Network TEN and realized translation adjustments	**53,833**	178,938	145,903
Net earnings	**46,633**	177,638	144,403
Cash flow from operations [3]	**210,594**	121,433	171,654
PER SHARE INFORMATION [1]			
Earnings from continuing operations before gain on sale of a 18.5% economic interest in Network TEN and realized translation adjustments			
Basic	**$0.31**	$1.17	$0.96
Diluted	**$0.31**	$1.17	$0.96
Cash flow from operations [3]			
Basic	**$1.23**	$0.80	$1.13
Diluted	**$1.22**	$0.80	$1.12
COMBINED FINANCIAL POSITION [1]			
Total assets	**6,600,588**	3,082,346	1,855,463
Capital expenditures	**62,044**	19,011	20,068
Long term debt	**4,065,418**	1,196,915	548,925
Shareholders' equity	**1,305,995**	860,127	776,093
Return on average equity	**4.31%**	21.70%	20.00%
Weighted average number of shares outstanding	**171,421,241**	151,644,239	151,356,194
TRADING STATISTICS			
Trading volumes			
Subordinate voting shares - TSE	**54,187,004**	38,406,989	34,483,802
Non-voting shares -TSE	**1,293,168**	2,854,403	6,351,161
Non-voting shares - NYSE	**826,300**	1,127,307	4,035,933
Market price of subordinate voting shares			
High	**$21.50**	$22.97	$24.20
Low	**$10.25**	$14.82	$16.59
Market price of non-voting shares - TSE			
High	**$21.63**	$22.72	$24.00
Low	**$10.50**	$14.92	$16.79
Market price of non-voting shares - NYSE			
High	**USD$14.56**	USD$15.86	USD$15.93
Low	**USD$6.83**	USD$10.12	USD$10.75

NOTES

[1] Restated to reflect a retroactive change in accounting policy with respect to accounting for future income taxes and earnings per share, and adjusted to reflect a 1.24% stock dividend paid in September 2000.

[2] Operating results and per share information have been prepared on a combined basis, proportionately consolidating the company's 57.5% interest (76% to April 1998, 66% to December 31, 1996, and 57.5% to October 31, 1996) in Network TEN. Net earnings are the same as net earnings reported in the audited consolidated financial statements.

[3] Before changes in non-cash operating accounts.

1998	1997	1996	1995	1994	1993	1992
871,435	835,118	628,018	552,168	462,136	406,368	243,850
301,113	274,331	206,318	158,344	122,089	92,866	65,219
34.6%	32.8%	32.9%	28.7%	26.4%	22.9%	26.7%
135,562	99,217	76,327	40,946	23,336	14,860	
200,117	139,662	95,798	66,923	40,946	23,336	14,860
179,018	205,165	137,176	97,067	68,123	46,671	33,412
$0.96	$0.90	$0.70	$0.55	$0.31	$0.19	$0.13
$0.96	$0.90	$0.69	$0.54	$0.31	$0.17	$0.12
$1.19	$1.37	$0.96	$0.69	$0.52	$0.38	$0.28
$1.18	$1.36	$0.95	$0.69	$0.52	$0.34	$0.26
,630,288	1,539,269	1,082,455	853,689	809,963	711,111	505,708
46,390	26,753	15,635	12,593	9,135	8,309	5,860
471,146	508,898	223,640	228,179	248,670	301,442	182,377
667,619	532,642	461,385	247,490	186,101	103,819	80,171
33.35%	28.17%	27.13%	30.87%	28.21%	25.57%	34.63%
,008,489	150,104,148	142,270,354	139,666,716	130,175,714	122,328,939	118,192,564
,451,677	24,394,893	18,017,305	19,335,021	28,025,868	11,911,150	11,076,485
,218,496	2,248,825	572,863	–	–	–	–
,321,936	10,328,606	7,147,038	–	–	–	–
$28.15	$24.35	$13.58	$7.04	$5.28	$3.23	$2.16
$20.30	$13.53	$6.16	$4.01	$2.84	$1.87	$1.58
$28.00	$24.15	$13.33	–	–	–	–
$20.35	$13.58	$11.85	–	–	–	–
D$20.19	USD$17.66	USD$9.63	–	–	–	–
D$13.03	USD$8.77	USD$8.64	–	–	–	–

SHAREHOLDER INFORMATION

CANWEST SHARES AND STOCK EXCHANGE LISTINGS

The Subordinate Voting Shares and Non-Voting Shares of the Company are listed on the Toronto Stock Exchange under the symbols CGS.S and CGS.A respectively. The Non-Voting Shares of the Company are also listed on the New York Stock Exchange under the symbol CWG. Issued and outstanding equity shares as at December 4, 2001 were comprised of:

Multiple Voting Shares	76,785,976
Subordinate Voting Shares	98,318,330
Non-Voting Shares	1,941,621

Each of the share classes has a different number of votes per share. There are 10 votes per Multiple Voting Share and one vote per Subordinate Voting Share. Non-Voting Shares do not vote, except at meeting where the holders of such shares would be entitled by law to vote separately as a class.

CanWest Global Communications Corp. is a constrained-share company, of which at least 66.7% of the voting shares must be beneficially owned by persons who are Canadian citizens or corporations controlled in Canada. There is no limit on the number of non-voting shares that a non-Canadian can hold.

Any Canadian citizen purchasing Non-Voting Shares can present them for registration as either Subordinate Voting Shares or Non-Voting Shares. Non-Voting Shares can be purchased by anyone, Canadian or otherwise. Subordinate Voting Shares purchased by a non-Canadian will, upon registration of transfer, be converted into Non-Voting Shares.

DIVIDENDS

During the reporting period, the Company paid cash dividends on a semi-annual basis. Each class of shares participates equally in dividends. For the year ended August 31, 2001, semi-annual cash dividends of $0.15 per share were paid in October and April respectively.

On September 17th, 2001, the CanWest Board of Directors elected to temporarily suspend the semi-annual dividend of $0.15 payable on its multiple voting shares, subordinate voting shares and non-voting shares. This measure is consistent with the practices of most major US media companies, in particular those who recently made significant growth transactions. The savings of approximately $53 million annually will provide CanWest with additional financial flexibility and accelerate debt reduction.

EXECUTIVE STOCK OPTION PLAN

The Company has adopted an Executive Stock Option Plan under which eligible CanWest executives are entitled to receive options to acquire Subordinate Voting Shares or Non-Voting Shares. The Board of Directors administers the Executive Stock Option Plan and establishes the option price on the date on which any options are granted. In all cases, the option price has been the market value of the Subordinate Voting Shares as at the date the option was granted. The aggregate number of Subordinate Voting Shares or Non-Voting Shares which have been reserved for issue under this plan, together with any Subordinate Voting Shares and Non-Voting Shares reserved for issue under any options for service or other employee stock purchase or options plans established from time to time, may not exceed an aggregate of approximately 13.8 million Subordinate Voting Shares or Non-Voting Shares, and no individual optionee may hold options to purchase Subordinate Voting Shares or Non-Voting Shares in excess of 5% of the issued outstanding Subordinate Voting Shares or Non-Voting Shares at the date of the grant of the option. During fiscal 2001, 219,875 options were granted under the Executive Stock Option Plan, at prices ranging from $13.95 to $15.20 per share.

The CanWest Global Communications Corp. Board of Directors is comprised of 10 members. The full Board meets quarterly while the executive committee of the Board – comprised of I.H. Asper, Leonard Asper, Peter Viner, David Asper, Lloyd Barber and ex officio Donald Gordon – meets every six weeks.

I.H. Asper, O.C., O.M., Q.C.
Executive Chairman,
CanWest Global Communications Corp.

Mr. Asper is the Company founder, and Executive Chairman. He focuses his attention on developing and ensuring the execution of the Company's long-term strategic direction goals and the path charted to reach these objectives.

Leonard J. Asper
President and Chief Executive Officer,
CanWest Global Communications Corp.

Mr. Asper is President and Chief Executive Officer of the Company. He was elected to the Board of Directors in 1997. Mr. Asper has been with the Company for eleven years, first joining Global Television as Associate General Counsel. He was most recently Executive Vice-President and Chief Operating Officer.

Peter D. Viner
Vice-Chairman, CanWest Global Communications Corp.

Mr. Viner is Vice-Chairman of the Company and a member of the Executive Committee. He was elected to the Board in January 1998. From 1997 to 1999 he served as President and Chief Executive Officer of the Company and prior to that was President and Chief Executive Officer of Network TEN in Australia. Mr. Viner joined Global Television at its beginning in 1974.

David A. Asper
President, Daremax Enterprises
Executive Committee

Former Executive Vice-President of CanWest Global Communications Corp., Mr. Asper is Chairman of the Publications Committee of the CanWest Board of Directors. He is currently President of Daremax Enterprises, a Winnipeg-based private investment company. He is also Managing Director of Creswin Properties and Chairman of the Winnipeg Blue Bombers Football Club.

Gail S. Asper
Corporate Secretary, CanWest Global Communications Corp.

Ms. Asper has been Corporate Secretary of the Company since 1990 and from 1991 to 1998 served as Corporate Counsel. She has been a member of the Board of Directors since 1990. Ms. Asper also acts as President of the CanWest Global Foundation, which leads the Company's numerous charitable activities.

Dr. Lloyd I. Barber, C.C., LL.D.
President Emeritus, University of Regina

Dr. Barber is President Emeritus of the University of Regina. He was appointed an Officer of the Order of Canada in 1978 and was elevated to Companion of the Order in 1993. He serves as a Director of several major public Canadian companies and was elected to the Board in 1992.

Jalynn H. Bennett, C.M.
President, Jalynn H. Bennett & Associates Ltd.

Ms. Bennet is President of Jalynn H. Bennett & Associates Ltd., a Toronto-based consulting firm. She has served, and continues to serve on a number of corporate and not-for-profit boards in Canada. Ms. Bennett was elected to the Board in January 1998.

Lord Black of Crossharbour
Chairman and Chief Executive Officer, Hollinger Inc.

Lord Black is Chairman of the Board of Directors and Chief Executive Officer of Hollinger Inc. Lord Black joined the CanWest Board of Directors in 2000. He is also a Director of several other Canadian public companies, such as Brascan Limited and Canadian Imperial Bank of Commerce.

The Honourable Frank McKenna, P.C.
Counsel, McInnes Cooper

Mr. McKenna, former Premier of New Brunswick, led his party to unprecedented victory in a general election in October 1987, winning every seat in the province. In 1997, after ten years as Premier, Mr. McKenna resigned and returned to private life, joining the Moncton office of the law firm McInnes Cooper as Counsel. Mr. McKenna was appointed to the Board in July 1999.

F. David Radler
President and Chief Operating Officer, Hollinger Inc.

Mr. Radler has served as President and Chief Operating Officer of Hollinger Inc. since 1995 and a Director of the Company since 1984. He is also a Director of The Telegraph and serves on a number of boards of Canadian public companies. He was appointed to the Board in 2000.

DIRECTORS EMERITUS

The Honourable Willard Z. Estey, C.C., Q.C., LL.D.

Mr. Estey has been a practicing lawyer, Chief Justice of Ontario and a Chief Justice of the Supreme Court of Canada. He has served on three Royal Commissions and is a Companion of the Order of Canada. He has served on the Board since 1991.

Donald M. Gordon, F.C.A.
President, Seedhouse Holdings Ltd.

Mr. Gordon is President of Seedhouse Holdings Ltd., a Winnipeg-based private investment company. Mr. Gordon has been a member of the Board since 1985. He is an ex-officio member of the Audit Committee.

EXECUTIVE MANAGEMENT

CanWest's Executive Management Team is one of the Company's key strengths. Directed by a small group in the Company's head office in Winnipeg, this team directs and orchestrates activities around the world. Additionally, the operational heads in each of the business units provide critical management skills and are industry leaders and innovators in their own right. The team is lead by the following:

I.H. Asper, O.C., O.M., Q.C., Executive Chairman of the Board

Mr. Asper has had a distinguished career as a lawyer, journalist, legislator, business executive and entrepreneur. As Executive Chairman, he focuses most of his attention on the long term, external growth and development of the Company.

One of Canada's most celebrated business leaders, Mr. Asper has won countless awards over the years. One of the most prestigious was his induction as an Officer of the Order of Canada in 1995. Among his many accolades, in 1996 he was inducted into the Canadian Business Hall of Fame, an organization which honors the outstanding contributions made by Canadians toward the growth and development of Canada; he was the 1997 recipient of the International Distinguished Entrepreneur Award, presented by the University of Manitoba's Faculty of Management; in 1998, he was bestowed an Honourary Doctor of Laws Degree by the University of Manitoba; he received an Honorary Doctor of Philosophy from the Hebrew University in 1999; and was inducted into the Order of Manitoba in 2000.

Leonard Asper, President and Chief Executive Officer

Mr. Asper, a lawyer, joined CanWest in 1991 as Associate General Counsel for the Company's Global Television station in Ontario. Thereafter, he held various positions in Corporate Development, and most recently was Chief Operating Officer. He serves as Chairman of the Board of the Global Television Network and various other CanWest Global subsidiaries.

Peter Viner, Vice-Chairman

Mr. Viner first joined the CanWest group at its inception in 1974, and was appointed as CEO in August 1997 when company founder I.H. Asper stepped down. On September 1, 1999, he moved to the position of Vice-Chairman when, as part of a long-term succession plan, Leonard Asper was appointed CEO. Mr. Viner has held several senior executive positions with the Company and plays an integral role in the overall strategy of CanWest.

Tom Strike, Chief Operating Officer

Mr. Strike, a chartered accountant, works closely with the Executive Chairman and the President and Chief Executive Officer on a majority of the Company's operating issues. Formerly the Chief Financial Officer of the Company, Mr. Strike is actively involved in all aspects of the corporate operations, including development and financing issues. Mr. Strike has been with the Company since 1986.

John Maguire, Vice-President, Finance and Chief Financial Officer

Mr. Maguire is responsible for all of the Company's financial and corporate accounting activities. A Chartered Accountant, Mr. Maguire also works closely with the Company's bankers and auditors, and maintains communication with financial communities throughout North America.

Richard Leipsic, Vice-President and General Counsel

Formerly a senior partner with the Winnipeg-based legal firm Pitblado Buchwald Asper, Mr. Leipsic has been associated with CanWest for years as outside legal counsel and as a corporate development advisor. Mr. Leipsic joined CanWest in January 1999 with responsibility for all legal affairs. Mr. Leipsic has practiced commercial law since 1975.

Kenneth J. Goldstein, Executive Vice-President and Chief Strategy Officer

Mr. Goldstein is the former President of Communications Management Inc., the consulting firm he founded in 1975. He is well known as the author of the research component of "FuturePlan," a blueprint for the future of the Canadian broadcasting industry over the next decade issued by the Canadian Association of Broadcasters. He also acted as an advisor to CanWest in its acquisition of the Southam newspapers and on various occasions in CanWest appearances before the CRTC. From 1972 to 1975, Mr. Goldstein served as Associate Deputy Minister of Communications for the Province of Manitoba.

Geoffrey Elliot, Vice-President, Corporate Affairs

Mr. Elliot joined CanWest in January 2000 and is responsible for the Company's relations with governments, investors, media, and the public. Before joining CanWest in January 2000, he held the position of Executive Vice President at the Air Transport Association of Canada. Previously, Mr. Elliot held executive management positions at Air Canada, Noranda Forest Inc. (now Nexfor Inc.) and the Federal Department of Foreign Affairs and International Trade.

Kim P.J. Miller, Vice-President, Human Resources

Mr. Miller is responsible for organizing and directing all aspects of human resources within the Company. Prior to joining CanWest, Mr. Miller was Vice President of Human Resources at Trimac Transportation in Calgary. Previously he was Superintendent of Employment and Labour Relations at Alcan Smelters and Chemicals.

Gail Asper,
Corporate Secretary

Ms. Asper, a lawyer, has been with the Company since 1989, serving as General Counsel until 1998. While her primary responsibilities relate directly to the Company's Board of Directors, she is also President of the CanWest Global Charitable Foundation. She also serves on the Board of Directors.

OPERATIONS

Gerry Noble
President and Chief Executive Officer, Global Television Network

Mr. Noble joined CanWest over 15 years ago as Controller at Global Television in Toronto, relocated to Vancouver in June 1990 as Vice-President of Finance at the CanWest station CKVU, and a year later moved on to the South Pacific to oversee CanWest's acquisition of TV3 in New Zealand and Network TEN in Australia. After five years as CEO of TV3 in the South Pacific, Mr. Noble returned to Canada in 1996 as Vice President, Operations at CanWest's Corporate Head Office in Winnipeg where he played a leading role in developing CanWest's business interests internationally, including the acquisition of the Irish TV3, the purchase of the MORE FM radio group in the South Pacific and the launch of TV4 in New Zealand. In March 1998 Mr. Noble returned to Australia as CEO of CanWest Pacific, overseeing Network TEN and all of CanWest's radio and television operations in New Zealand. In May, 2000, he returned to Canada to take on the role of President and CEO of Global Television.

Don Babick
President and Chief Operating Officer, Southam Publications Inc.

Mr. Babick began his newspaper career at the Montreal Gazette in 1959 and since that time has held various positions within the Southam newspaper chain.

From 1988 to 1990, Mr. Babick acted as Vice President – Marketing for the Southam Newspaper Group in Toronto. He then moved to The Edmonton Journal as Publisher, and in 1992 was named President and Publisher of Pacific Press, which publishes The Vancouver Sun and The Province. Mr. Babick was named President and Chief Operating Officer of Southam Inc. in August 1996.

Mr. Babick is responsible for all of the CanWest Canadian newspaper operations which include 26 daily newspapers and over 100 weeklies and non-paid distribution products.

Jay Firestone
Chairman & Chief Executive Officer, CanWest Entertainment Inc.

Mr. Firestone, a chartered accountant, founded Fireworks Entertainment in 1995 and remained in the leadership position when CanWest acquired the company in May 1998 by way of a friendly takeover bid. Under Mr. Firestone's leadership, Fireworks has emerged as Canada's leading integrated production, distribution and financing company.

Prior to his founding Fireworks, Mr. Firestone was Vice-Chairman of Alliance Communications.

John McAlpine
Chief Executive Officer, Network Ten, Australia

Mr. McAlpine has been in the Australian television industry since 1970 and with Network TEN for more than 20 years. In July 1997, he succeeded Peter Viner to take the top position at TEN. Prior to this appointment, Mr. McAlpine served as General Manager, Network Sales at TEN. He has a proven record of performance and excellence along with strong leadership skills.

Brent Impey
Group Chief Executive, CanWest New Zealand

One of New Zealand's most experienced radio executives, a lawyer, and former Executive Director of the Radio Broadcasters' Association, Mr. Impey was appointed CEO of MORE FM in June 1998 and in fall 2000 was appointed Group Chief Executive of CanWest New Zealand, with responsibility for the TV3 and TV4 television networks, as well as CanWest Radio New Zealand. Mr. Impey was named broadcaster of the decade at the 1990 Mobil Radio Awards and that same year was awarded the New Zealand Commemoration Medal for Services to Broadcasting.

Rick Hetherington
Chief Executive Officer, TV3 Television Network, Ireland

Mr. Hetherington oversaw the start-up operation of TV3, the Republic of Ireland's first private television network which launched on September 20, 1998. Prior to this appointment in January 1998, he was General Manager of CanWest's Global Television Network station in Winnipeg. Mr. Hetherington has over 20 years experience in television management, and extensive experience in production, marketing, sales and promotion.

Bruce MacCormack,
President, CanWest Interactive

Mr. MacCormack is responsible for all of CanWest's interactive operations, including canada.com as well as managing the Company's investments in other interactive media companies. Mr. MacCormack first joined CanWest Global in 1999 as Managing Director of the Interactive division. Previously he was the President and Chief Operating Officer of MTS Advanced Inc., the Internet and New Media arm of Manitoba Telecom Services, and prior to that he held various positions at Nortel Networks.

Bob Calvert
Executive Vice President, Southam Publications

Mr. Calvert has operating responsibility for Lower Mainland Publishing in Vancouver, the Port Alberni Group, the Nanaimo Daily News Group in British Columbia, Ontario Community newspapers (SOCN, Brandford and ST. Catharine's groups), the Saskatchewan newspapers outside of Regina and Saskatoon, and most of the Atlantic newspapers. Before joining CanWest in 2000, Mr. Calvert was Publisher of the Regina Leader-Post, as well as President of Sterling Newspapers, Executive Vice President of Hollinger Canadian Newspapers, and Vice-President of Southam Inc. He has also held previous positions as Publisher of the Moose Jaw Times Herald and Publisher of the Swift Current Sun.

CORPORATE INFORMATION

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Corporate
www.canwestglobal.com

National Post
www.nationalpost.com

CanWest Interactive
www.canada.com
Includes all CanWest Canadian properties, local newspaper sites as well as Global TV local sites.

www.ibsys.com
www.lifeserv.com
www.allcanadiansport.ca
www.medbroadcast.com
www.faceoff.com
www.careerclick.com
www.carclick.com

Network Ten Australia
www.ten.com.au

TV3 New Zealand
www.tv3.co.nz

TV4 New Zealand
www.tv4.co.nz

MORE FM New Zealand
www.morefm.co.nz

TV3 Ireland
www.tv3.ie

Sales
www.globaltvsales.com

Production & Distribution
www.watchfireworks.com
www.appleboxproductions.com
www.studiopost.ab.ca

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Daniel Tibbets
Vice President

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Michael Nesdale
Financial Controller

NOTICE OF ANNUAL MEETING:

The Company's Annual General Meeting of Shareholders will be held on Wednesday, January 30th, 2002 at 2:30 pm at the Westin Bayshore Hotel in Vancouver, British Columbia.

CORPORATE OFFICES

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